Contents

Asahi India Glass Limited (AIS) is on a journey that is rife with possibilities. Over the years, AIS has thrived in its objective of shareholder value creation through a vision to succeed, strategy to outperform, character to implement and spirit to riposte.

The journey so far, of becoming the largest integrated glass company in India, has been full of learnings – from within and from outside. AIS's core strengths of thinking ahead of time, immaculate planning and timely execution combined with in-depth understanding of the glass business have resulted in profitable growth.

With the changing business environment, AIS has accelerated its learning curve, pushing all boundaries, be it scale, integration, value addition, processes and technology.

With over twenty one years of technological expertise, enviable performance from a first generation automotive safety glass manufacturer to an end-to-end integrated solutions provider, AIS is the first choice of its customers and investors.

Vision

AIS's Vision is to "SEE MORE"

This byline captures AIS's culture :

- It describes AIS's products & services which delight its customers by helping them see more in comfort, safety & security.
- It expresses AIS's corporate culture of merit and transparency.
- It defines the qualities of AIS's people to want to see, learn and do more, in depth and detail.

To transcend the ordinary.

Mission

AIS's Mission is "JIKKO" – Execution for Excellence

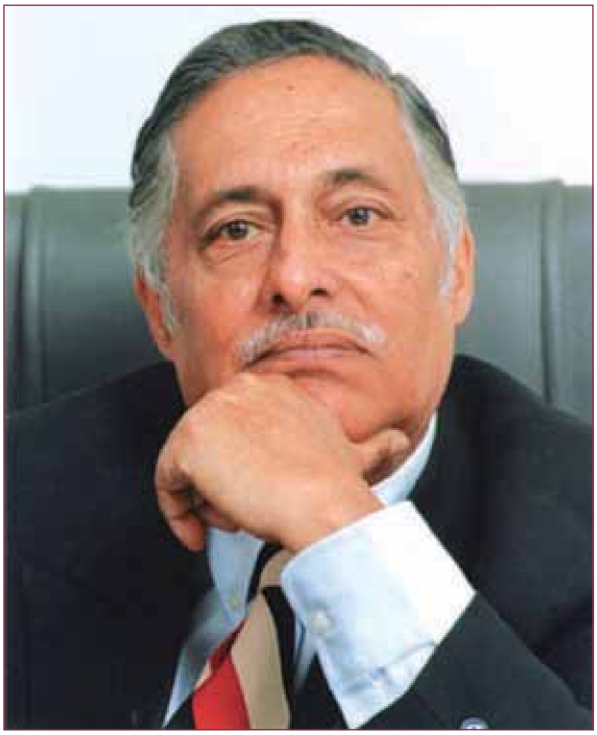
With major investments in place, the time is now to reap the benefits by execution for excellence.

Guiding Principles

All actions of AIS are driven by the following guiding principles :

- Creation of value for Shareholders
- Customer Satisfaction
- Respect for Environment
- Use of Facts
- Continuous Improvement
- Strengthening of Systems
- Upgradation of Human Potential through education and training
- Social Consciousness

Chairman's Letter



Dear Stakeholders,

2007-08 was a year when the country had its highs and lows. India achieved an inflation-adjusted real GDP growth of 9%, the third straight year in which the Indian economy grew at 9% or better. However, the last quarter of 2007-08 and the first quarter of 2008-09 reflected a slowdown in the Indian economy. Manufacturing growth during the last quarter of 2007-08 at 8.1%, was lower than the same period in the previous year, prices of crude oil have nearly tripled in the seventeen months since January, 2007 and inflation has crossed 10%.

All these posed a very challenging operating environment for AIS. During 2007-08, gross sales at a consolidated level grew 29% from Rs. 91,897 lakhs in the previous year to Rs. 1,18,317 lakhs. Operating profit, after taking into account gain on foreign exchange fluctuation of Rs. 5,269 lakhs, increased 21% from Rs. 16,630 lakhs in the previous year to Rs. 20,059 lakhs.

2007-08 also saw AIS face considerable pressure on profit margins due to unexpectedly high input costs, especially fuel and soda ash. Additionally, 2007-08 also witnessed the impact of depreciation and interest charges on account of first full year of operations of the new Roorkee plant, which heavily impacted the financial results.

In times of change, Companies with accelerated learning will inherit the future. Learning from the adverse impact of wagering oil prices on AIS in 2007-08, your Company is exploring viable alternative technologies for ensuring dependable and stable sources of energy.

The scale of our business has changed. With the commissioning of the architectural glass unit in September, 2007 and the auto glass unit in October 2007, the Integrated Glass Plant (IGP) at Roorkee is fully operational with manufacturing capabilities of float glass, auto glass, architectural processed glass, reflective glass and mirror, all under one roof. This plant is a strategic fit in AIS's long term objectives.

As the new plants become even more efficient and result in economies of scale, the average cost of production will start decreasing at an increasing rate. The technological breakthroughs on which the Company is working and hopes to deploy within a short span of time will accelerate the 'efficiency curve' and will ensure that AIS maintains its leadership position in the future.

Over the last year, AIS received many accolades in recognition of its impeccable operations. While a comprehensive list of awards received by the Company is available in the Report of the Directors, I would like to take this opportunity to highlight some of the most prestigious ones.

2007-08 was a landmark year in AIS's quality journey. AIS's Auto Glass Division was conferred the prestigious Deming Application Prize, 2007 for "achieving outstanding performance by practicing Total Quality Management (TQM)". I am proud to say that your Company is one of the just fourteen Indian companies and the only Indian glass Company to have won this award. The Deming Application Prize reflects our passion for quality and constant efforts to create customer delight.

AIS Auto Glass also received the 'Hyundai 5 Star Award' - a signal mark of acknowledgement of quality from a global customer. AIS is just the fourth Indian company and the only glass company to have been awarded the '5 Star Award' by Hyundai Motors.

AIS was also conferred Construction World's Award for the largest and most profitable glass company for the third consecutive year in October, 2007.

AIS completed a number of ongoing projects during the year. The auto glass unit at IGP Roorkee is a state-of-the-art plant, with capacity for manufacturing 5,00,000 windshields and 4,00,000 tempered sidelites per annum and will cater to our customers in that area, as well as in the after-market. At the Company's Chennai auto glass plant, a sidelite tempering furnace was installed, which is capable of producing 1.2 million high quality complex shaped sidelites sets per annum. At Rewari auto glass plant, a large sized laminated windshield furnace has been installed. This furnace, designed for producing laminated windshields for commercial vehicles, was developed indigenously by your Company, bearing testimony to AIS's capability for in-house design and development not only for products but also for equipment.

During the year, consequent upon his retirement from Maruti Suzuki India Limited (MSIL), Mr. Jagdish Khattar resigned from the Board of Directors of AIS and was replaced by Mr. Shinzo Nakanishi, the current Managing Director & C.E.O. of MSIL. Mr. Kazumi Yoshimura returned to Japan post completion of his tenure in India and consequently resigned from the Board of Directors of AIS. Mr. Yoshimura is replaced by Mr. Keichii Nakagaki, the current Chairman & Managing Director of Mitsubishi Corporation India Pvt. Ltd. I sincerely thank the outgoing Directors for their valued contribution and guidance provided to AIS and warmly welcome the new Directors on Board.

The Board of Directors of AIS has not recommended any dividend for 2007-08. AIS has always paid rich dividends to its shareholders. However, 2007-08 has been a year when there was considerable pressure on margins. Hence 2008-09 is slated as year of re-consolidation which will make AIS stronger & fitter to face the external challenges. I value the continued patronage, unstinted support and patience of our esteemed shareholders and assure that rich dividends shall follow from a well nurtured AIS in future.

With the growth rates slowing down, the Indian economy is likely to get more competitive in the coming years. Companies who have the size and capabilities to generate cost efficiencies, eliminate production wastages and create value chain synergies will be the ones who will grow and flourish; others will find the going difficult. I believe that your Company has all the characteristics that will allow it to exploit the future competitive external environment.

The economy is forecasted to grow between 7.5-8% during the coming few years. Though this is not the 9% plus growth rate that India has seen during the last three years, it will still make India the second fastest growing economy in the world. With the spread of urbanisation and construction along with the growth of the retail sector, the demand for glass and value added glass products is expected to grow. Your Company, with its synergistic advantages, significant market share, efficiencies of production and passion for quality is well positioned to grow its topline, bottomline and market share.

Before I conclude, I would like to thank our valued shareholders for their continued support. I would also like to thank our customers, collaborators, bankers, suppliers and the entire AIS team for their contribution and support.

Yours sincerely,

B.M. Labroo
Chairman

AIS – At a Glance

AIS is the largest integrated glass company in India, manufacturing a wide range of international quality automotive safety glass, float glass, architectural processed glass, value-added glass and glass products.

AIS has a strong strategic position in the Indian glass industry. AIS is a leader in auto glass & architectural processed glass segments and has a prominent position in float glass market.

AIS is jointly promoted by the Labroo family, Asahi Glass Co. Ltd., Japan and Maruti Suzuki India Ltd. The promoters jointly hold 55.24% of paid up equity capital of AIS, with remaining 44.76% held by public.

Being a widely held listed public limited company with close to 62,000 shareholders, AIS remains committed to maintain the highest standards of corporate governance and shareholder accountability. The equity shares of AIS are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India.

AIS has the following three Strategic Business Units (SBUs):

- AIS Auto Glass
- AIS Float Glass
- AIS Glass Solutions

AIS Auto Glass

AIS Auto Glass is the most reputed and trusted supplier in Indian automotive glass industry having over 21 years of technological expertise and is the largest manufacturer of world-class automotive safety glass in India.

AIS Auto Glass has been awarded the prestigious Deming Application Prize, 2007, certifying the outstanding performance improvements achieved by it through application of Total Quality Management (TQM).

Today, AIS Auto Glass has a 'body of knowledge' to be able to deliver 'cutting edge' auto glass solutions and value addition to its customers, most of whom are global and demanding players.

AIS Auto Glass is overwhelmingly the 'first choice' supplier for most automotive manufacturers in India. Hence, AIS Auto Glass is either the sole or a leading supplier of auto glass to most passenger car manufacturers in India, supplying about 80% of their auto glass requirement.

Apart from supplying to OEMs in India, AIS Auto Glass has significant presence in the domestic after-market with a market share of 43%. It also exports auto glass to the after-markets in Europe and Pakistan.

AIS Auto Glass has state-of-the-art plants located at Rewari-Haryana, Roorkee-Uttrakhand (North India) and Chennai- Tamil Nadu (South India) with a combined capacity to produce 2.81 million car sets per annum.

AIS Auto Glass has a well balanced product portfolio including:

- Laminated windshield
- Tempered glass for side and backlites
- Plug-in windows
- IR cut glass
- UV cut glass
- Reflective (PET) windshield
- Flush fitting glass
- Encapsulated glass
- Solar control glass
- Water repellent glass
- Rain sensor windshield
- Glass Antenna
- Heated windshield
- Defogger glass
- Extruded windshield

AIS Auto Glass' customers include OEMs like Maruti Suzuki, Hyundai Motors, Tata Motors, Toyota Kirloskar, Mahindra & Mahindra, Honda Siel, General Motors, Ford India, Hindustan Motors, Reva Motors, Eicher Motors, Piaggio, Fiat India.

AIS Float Glass

AIS Float Glass is a premier manufacturer of international quality float glass and value-added glass like reflective glass and mirror.

AIS Float Glass has state-of-the-art glass manufacturing plants located at Taloja near Mumbai (West India) and Roorkee (North India) with a total production capacity of 1,200 tons per day (TPD). Its newly commissioned unit at IGP Roorkee has manufacturing facilities for float glass, superior quality heat reflective glass and new generation environment friendly mirror.

AIS Float Glass enjoys 31% market share in the Indian float glass market.

Its product portfolio includes:

- AIS Clear Float Glass - provides perfectly clear and distortion free vision.
- AIS Tinted Float Glass - heat absorbing tinted glass available in variety of shades and colours.
- AIS Supersilver - heat reflective float glass manufactured through superior CVD technology and is available in variety of shades and colours.
- AIS Decor - high quality lacquered glass for use in interior decorations and is available in variety of colours.
- AIS Krystal - frosted translucent glass for use in various interior applications.
- AIS Mirror - copper & lead free, environment friendly mirrors.

AIS Float Glass sells and distributes the above products throughout India through a wide network of 586 authorised stockists, including major glass processors across the country. It has zonal sales offices in Delhi, Mumbai and Chennai, along with a spread of area representatives in all the major cities across the country.

In India, AIS Float Glass is also the commercial agent of AGC Flat Glass, Europe - the European flat glass leader, producing and marketing flat glass, mainly for the construction sector with external glazing and internal decorative glass. As commercial agent, AIS has been selling the entire range of products of AGC Flat Glass, Europe in India since April, 2007.

AIS Glass Solutions

AIS Glass Solutions is the face of the architectural glass processing business of AIS. As a separate business unit, AIS Glass Solutions focuses on offering innovative architectural glass solutions to customers.

AIS Glass Solutions aims at raising per capita consumption of glass in the country to bring it at par with the other developed countries in the world. It disseminates knowledge for increased awareness of the use and application of architectural glass through innovative offerings.

AIS Glass Solutions has been supplying a wide range of high quality architectural processed glass, comprising of toughened glass, laminated glass, insulated glass units and value added glass products. It also caters to the project segment, meeting glass and related requirements of construction projects.

Its product portfolio includes:

- AIS Stronglas - impact resistant glass.
- AIS Securityglas - burglar resistant glass.
- AIS Acousticglas - sound resistant glass.
- Glass products like shower enclosures, tabletops, shelves.

The state-of-the-art architectural glass processing facilities are located at Taloja (West India), Chennai (South India), Rewari and Roorkee (North India). The Roorkee facility is the largest architectural glass processing facility in the country.

The Future is Bright

Glass – in all its forms and applications makes our life pleasant and comfortable. Glass helps us to see through – see more, to stay in touch and to communicate. It connotes openness – an important trend in today's life.

Use of glass 'creates space' - not only does it bring the external environment, the skies and greenery outside, into the spaces near us, it opens up spaces inside. Glass 'connects' with transparency and openness.

Today there is so much more that can be done with glass due to technological advances - in terms of enhanced strength, increased safety, superior acoustics, exceptional energy control, better sound insulation etc that it has permeated to every corner of our lives. With enhanced, exceptional and cutting edge technology – Glass transcends the divide of art and industry. At AIS we understand this. From improving its strength to finding innovative uses at the frontiers of design, AIS is intimately aware of every little nuance of this fascinating material.

AIS's omnipresence in the entire glass value chain brings it closer to its customers, shareholders and people at large enabling them to do more with glass, feel secure, see more. Through all its innovative products and solutions, AIS touches the lives of millions everyday, everywhere and in everyway.

The Indian glass industry is poised at an interesting point. It is directly linked with the 2 most growing sectors of the Indian economy – automotive and construction.

The future is bright – The future is glass.

AIS: Reflections

AIS has, for over 21 years of its operations now, pursued profitable growth, consistently build capacities and capabilities, spreading across the entire glass value chain to become the country's largest integrated glass player and an admired corporate citizen. AIS has built its strategic position through diverse product portfolio, penetrating distribution network, focus on world-class quality and operational excellence.

The standards of quality and operational excellence set by AIS are unmatched in the industry. AIS is the only glass company in India to have received the prestigious 'Deming Application Prize' in 2007– one of the highest and most accredited Total Quality Management (TQM) honour across the globe and the Hyundai 5 Star Award – one of the highest award for excellence in quality and delivery.

With the commissioning of all the facilities of the Integrated Glass Plant-Roorkee (IGP Roorkee) in 2007-08, AIS is now on a higher growth trajectory. The added capacities of all the facilities of IGP Roorkee - float glass, auto glass, architectural processed glass, mirror and other value added glass products, strengthens the position of AIS as an integrated glass player.

2007-08 was yet again a testing year for AIS which put its capabilities to stern assessment. The year witnessed unprecedented increase in the costs of key inputs - fuel, soda ash and PVB, which severely impacted operating margins. Input costs pressures coupled with dumping of cheap Chinese float glass into the country multiplied the stern effect on AIS's operations. Unfavorable external pressures have affected profitability in the current year's results as a visible outcome but they have accelerated the learning curve of AIS.

Brand AIS continues to extend its product portfolio, visibility and reach across the glass value chain enabling its customers to see more through knowledge-led innovation, world-class quality, operational excellence and continuous improvement.

AIS Today: Competitive Advantages

AIS has 11 state-of-the-art manufacturing plants and 2 sub-assembly units spanning across 6 states in India.

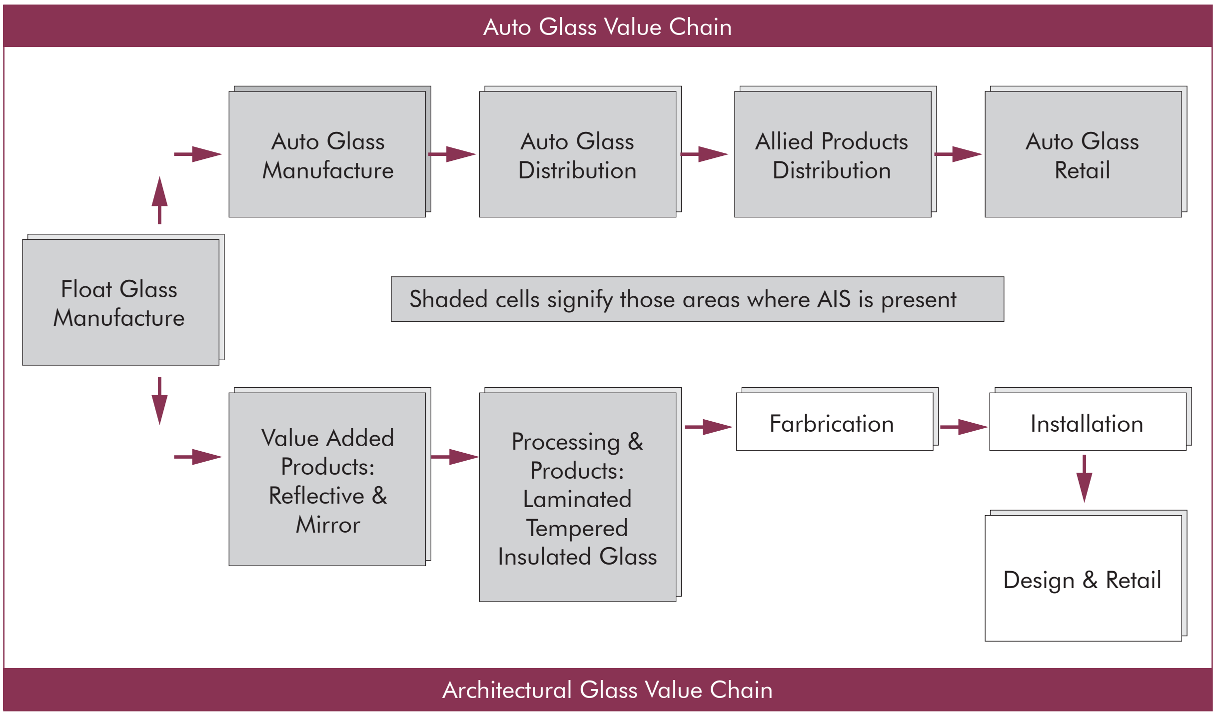
AIS's strategy is to move up the value chain and capture more profitable markets. With the commissioning of Roorkee plant - the largest integrated glass plant in the country - AIS is now well on its way to becoming a 'fully integrated glass solutions provider' across the entire glass value chain. AIS now has the scale, size and efficiencies that will enable it to grow both its topline and bottomline.

AIS has over two decades of knowledge, technical expertise and experience in catering to the needs of demanding and quality conscious customers, both in the original equipment market and in the retail segment. AIS brands have high recall amongst its customers.

AIS Auto Glass has about 80% market share for supply of auto glass in the passenger car industry and has consistent acceptance as a quality supplier to all major automobile manufacturers. Multiple plant locations and sub-assembly units cater to 'just in time' customer needs, including sudden changes in demand, without sacrificing quality and delivery schedules. Through value engineering, design optimisation, localisation of child parts and working with customers from the design stage, finished products are delivered to customers on time, every time and at competitive costs. AIS proactively develops value added auto glass, familiarises target customers about their benefits and thus creates demand.

AIS Float Glass today commands 31% share in the Indian float glass market and is India's second largest manufacturer of international quality float glass. The new plant at Roorkee caters primarily to the north Indian market, which has the highest demand growth for float glass, allowing it to supply to customers within a shorter time span and with lower logistics costs. AIS Float Glass has also, over a period of time, developed a strong pan-India sales and marketing network of 586 authorised stockists along with numerous sales personnel and area representatives which gives it the breadth and depth to reach its products to any part of India.

AIS Glass Solutions is the face of the architectural glass business of AIS which has, in a very short period of time, become the market leader in architectural glass processing industry in India. Its architectural glass processing plants are located in proximity to AIS's float glass plants which ensures lower logistics costs and lesser turnaround time for processing raw glass into value added products. With its national footprint, AIS Glass Solutions can obtain and execute contracts with large construction companies faster and more efficiently.



The Glass Business: Barriers to Entry

The glass business in India majorly comprises of the following three segments: Float glass – basic raw glass, Automotive glass – value added float glass used for automotive applications, Architectural glass – value added float glass used for various applications eg. in buildings and offices, mirrors, reflective glass etc.

Against the milieu of the strong Indian economy, high growth is not only a desire but a necessity for today's best Indian businesses. In this globalised era, sustenance of high growth is an equally challenging task.

The Indian glass industry is still at a nascent stage and is rapidly developing, thanks to the immense integration of the India with the 'developed rest of the world'. India may still be termed as a 'developing glass market' when viewed globally. The future is great for the Indian glass industry but it is good for the well-established, large & integrated players like AIS.

Auto glass products are engineered products requiring higher technological know-how. The auto glass technology is neither easy to absorb, nor easy to replicate or reverse engineer. Besides, obtaining the confidence of global automotive manufacturers is extremely difficult and further demanding to maintain. It requires technological capabilities, a body of knowledge and consistent performance of over a number of years to gain customer confidence.

In the float glass segment, the barrier is that of large capital expenditure, minimum scale of operations and long gestation period. Apart from the manufacturing scale, there are the distribution and pricing factors, which can become stumbling blocks for a new entrant. In many ways, selling basic float glass is like selling a 'standard commodity' retail product. Supply chain efficiencies, dealer distribution networks and thin margins are issues that all players have to contend with, along with competition from low-cost imports. Although imports are expected to slow down, they will not come to a halt. For a first-time entrant, high capital outlay, consequent charges of depreciation and interest, along with all the above factors, create barriers to entry in manufacturing and selling 'commodity level' float glass in the national market.

Value added processed glass has tremendous future potential. But it needs three things. Firstly, experience to forecast demand trends for various types of glass. Secondly, the technological expertise for value addition and lastly, the distribution network and the ability to convince and gain confidence of the end customer. In many ways, there is an element of 'concept selling' in architectural glass / processed glass, especially in the Indian markets, which combined together makes it difficult for a new entrant to grow.

AIS: Growth Drivers

With over 21 years of technological expertise in manufacturing auto glass, AIS is overwhelmingly the first choice vendor for all existing and new auto manufacturers in the Indian automobile industry.

AIS has traversed from being a first generation auto glass manufacturer to the largest integrated glass company in India. Over the period spanning across the four waves of time, AIS has developed the technical capabilities, distribution network, a large and proprietary 'body of knowledge' and most importantly, proven confidence of all its customers.

India's per capita consumption of float / sheet glass is the lowest in the world – only 0.7 kg, which is very low compared to other countries such as Thailand (5.2 kg), China (3.5 kg), Malaysia (2 kg) and Indonesia (2.5 kg). Therefore, there is huge growth potential of the Indian float glass industry. With rapid growth in domestic construction, the potential for growing demand is apparent. Float glass exports are also expected to grow, given that the depreciating rupee (since April, 2008) has made exports more attractive.

With pan-India presence and enhanced production capacities, along with a diverse range of quality products, high brand recall, an entrenched distribution network and flexibility of supply options, AIS is set to harness the future growth of Indian float glass industry.

The latest and most exciting segment of AIS's business - AIS Glass Solutions, is expected to outperform market growth. With the increased usage of glass in architectural applications - both interior and exterior - in modern homes, offices, shops and restaurants, there is tremendous potential for innovation. This is a key growth driver for AIS Glass Solutions which has superior multi-locational manufacturing capabilities backed with experienced 'concept selling'.

The Future is Bright – Future is AIS

India is poised to witness growth of atleast 7.5% in the coming years. Crude oil prices, inflation and high interest costs continue to endanger exponential growth. However, as the Indian economy grows, albeit at a slower pace, the demand for glass products shall increase. AIS has already captured significant market share in its operating segments and has earned the confidence of its valued customers. With topline growth and market share, better margins and profitability will surely follow.

The future is encouraging for the large and integrated players in this business, and AIS is both large and integrated. 2008-09 will be the year for AIS to consolidate, eliminate any wastage in process efficiencies and continue to create value throughout the manufacturing and distribution chain.

For India and for AIS, there is a 'silver lining' amidst the dark clouds. India will continue to grow. And with it, AIS.

The Deming Application Prize

On 14th November 2007, AIS was recognised for its obsession to quality and focus on Total Quality Management (TQM) practices as its Auto Glass Division was conferred the prestigious Deming Application Prize 2007. It is a matter of great pride and joy that AIS is one of the just fourteen Indian companies who have won this award and is the only glass manufacturer in India who has been so honoured.

The Deming Application Prize is one of the highest quality awards across the globe. The prize is administered and awarded by the Union of Japanese Scientists and Engineers (JUSE).

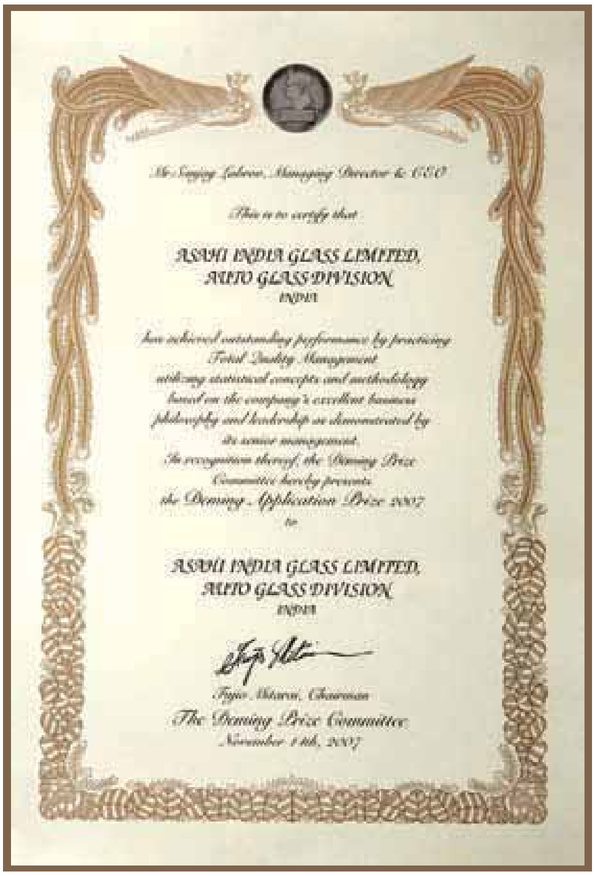
The Deming Application Prize was established in December, 1950 in the honour of Dr. W. E. Deming, one of the foremost experts of quality control in the United States of America. It was originally designed to reward Japanese companies for major advances in quality improvement. Over the years it has grown, under the guidance of JUSE, to become one of the highest awards on TQM accross the globe.

TQM is a management approach for an organization, centered on quality, based on the participation of all its members and aiming at long-term success though customer satisfaction, cascading of benefits to all members of the organization and to the society.

The Deming Application Prize is presented to a Company that has achieved distinctive performance improvements through the application of TQM, based on which the following results must be clearly visible:

- Formulation and application of such business objectives and strategies which are challenging and customer oriented.
- Development, implementation and institutionalisation of TQM methods across the organisation to achieve the stated objectives and strategies.
- Outstanding effects are attained as a result of the above.

The Deming Prize examination does not require applicants to conform to a model provided by the Deming Prize Committee. Rather, the applicants are expected to understand their current situation, establish their own themes & objectives and improve & transform themselves company-wide. Not only the results achieved and the processes used, but also the effectiveness expected in the future are subject to examination. Organisations that have won the Deming Prize feel that the process of institutionalising TQM has helped them in achieving business growth, created customer delight through quality and has helped the organisation to transform itself.


Mr Sanjay Labroo, Managing Director & CEO

This is to certify that

ASAHI INDIA GLASS LIMITED,
AUTO GLASS DIVISION
INDIA

has achieved outstanding performance by practicing Total Quality Management utilizing statistical concepts and methodology based on the company's excellent business philosophy and leadership as demonstrated by its senior management. In recognition thereof, the Deming Prize Committee hereby presents the Deming Application Prize 2007 to

ASAHI INDIA GLASS LIMITED,
AUTO GLASS DIVISION
INDIA

Fujio Mitarai, Chairman
The Deming Prize Committee
November 14th, 2007

TQM : The Deming Journey

In 1995-96 the Indian automobile industry witnessed the entry of international automobile manufacturers and with it, a growth explosion of the automobile market. Simultaneously, AIS also faced the first challenges of competition for its products. In this scenario, it became even more imperative to catapult the Company into a world-class organisation, delivering consistently 'best in class' products. TQM was the answer.

Implementation of various TQM concepts has enabled AIS to strive for sustained profitable growth. Institutionalisation of TQM practices helped in effectively servicing the Company's customers, their quality demands and in maintaining operational excellence in all its functional areas.

AIS's TQM journey can be broadly classified in the following four categories:

Pre-TQM period – Up to 1998

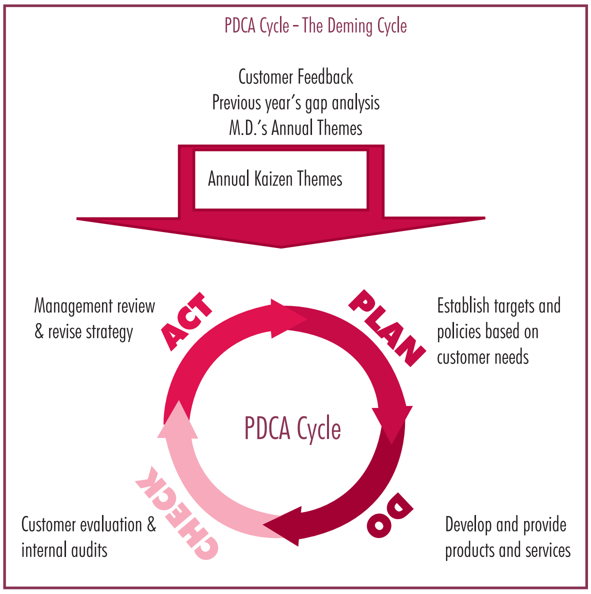
During the first eleven years, AIS operated in a relatively restricted market, with one plant and a limited number of customers. Around 1997, the market for auto glass started rapidly expanding, post the entry of the global automotive players the year before. Simultaneously, competition for the supply of auto glass started to increase, with the entry of other players into this market segment.

Within the Company, the focus was still on production and operations: a classic case of 'get the product to the customer'. Inter-departmental coordination and communication were still in an evolution phase.

TQM Introduction – 1998 – 2000

In December 1997, the steps of TQM were initiated at AIS, with the following objectives:

- Maintain cost competitiveness without depending on low cost labour.
- Maintain AIS's leadership position as the 'preferred choice' vendor of auto glass for all OEMs.
- Commence supplies to new models of international OEMs.
- Optimise the benefits of stakeholders.



In order to commence TQM activities, the organisation also needed to be re-structured. Responsibilities were defined and delegated and the review processes were strengthened. A Performance Management & Development (PMD) System was developed to align the interest of the people towards AIS's vision and long term goals and funnel their abilities towards a common goal. Daily work management practices such as the SDCA cycle and the PDCA cycle were instituted. Quality improvement initiatives were undertaken: using FMEA for process risk management, implementing process control and management activities using SPC, '5-Why' analysis, widespread usage of QC tools and DOE for problem solving and creating detailed quality assurance (QA) diagrams for systematic QA activities. Quality Circle (QC) activities were initiated. And for the first time, cross functional teams (CFTs) were put into place, which would discuss daily production related issues, plan countermeasures and solve major or repetitive problems through deep analysis.

The results were on obvious and expected lines. As a result of the above, accurate and timely information began to flow, authorities were delegated and cascaded across AIS which helped to significantly improve quality and remain the preferred supplier to global OEMs. AIS became the first glass manufacturing company in India to be awarded the ISO-9002 certification which was later upgraded to QS-9000.

TQM implementation & institutionalisation – 2000-2005

2000 to 2005 saw soaring business growth, growing demands from the customer for specific quality standards, introduction of number of new vehicles models and increasing pressures to reduce costs and increase operational efficiency. Faster and accurate implementation as well as institutionalisation of TQM practices became important.

AIS initiated integration of policy deployment and performance management systems, along with the existing TQM practices (such as X-Matrix and MP/CP). Simultaneously, controlling costs without any adverse impact on quality and consistency of output also became a key focus area for the Company.

During this period, two major initiatives were undertaken and institutionalised: Cost management and '5-S' activities.

Cost Management.

From 1999-2000 onwards, specific cost reduction targets were set and made part of Policy Deployment process. Strong review mechanisms were parallelly developed with the cost management process; these review mechanisms enabled continuous monitoring and course correction. Detailed MIS reports began to be generated capturing the accurate and granular information on costs in order to enable timely information and analysis to flow to appropriate decision-making levels.

Cost management at AIS is each department's responsibility for minimising costs. It analyses costs from a macro level to the most granular detail and then structures coordinated action plans, with the help of cross functional teams wherever needed. 'Action taken reports' are regularly reviewed at the senior management level and structured feedback is then filtered down, an iterative process that allows Company-wise best practices in cost management to be shared.

5-S Activity.

5-S is the foundation of good work culture. AIS instituted an intensive 5-S campaign in the plants in manufacturing and support areas in this period, which is still being followed. Each plant is divided into different zones and for every individual zone, a 5-S team, headed by a team leader, is responsible for adherence of the 5-S campaign. Regular audits are conducted and scores assigned, which are then displayed through the 5-S activity board located at each zone.

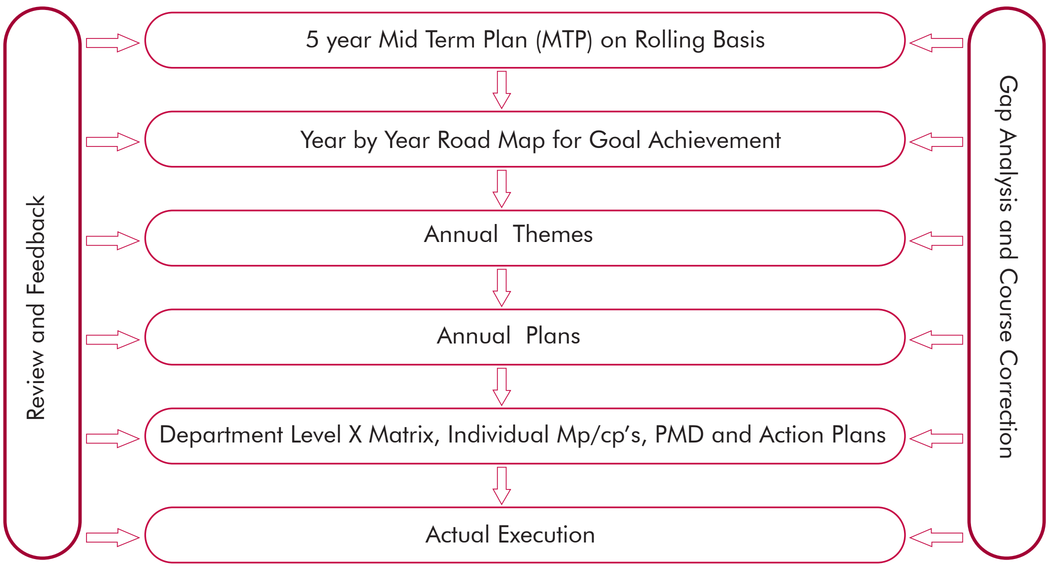
These activities have resulted in a clear separation of roles for strategy deployment and operational management, significant delegation of authority and decision making and a resultant dominance in market share in an increasingly demanding and competitive market.

TQM as a way of life in AIS – 2005 onwards

The latest business scenario in the automobile sector demands impeccable quality components on account of increasing number of vehicles being exported from India and its emphasis on 'world class' quality. Supply of world class quality auto components, with emphasis on reducing costs resulting into tight margins is the order of the day which implies to the 'survival of only the fittest'.

In such times of change, companies will have to consistently deliver value. TQM is not only an important learning curve for AIS but a journey in itself. To ensure continuous quality, AIS has adopted scientific problem solving methods to improve efficiencies and minimise costs. Product and process innovations have also improved AIS's competitive advantage.

Policy Deployment & Review



In order to meet the increasing customer demands for more sophisticated models, AIS has set up a 'New Model Development' department in 2006 which evaluates the level of difficulty and manufacturing feasibility, undertakes value addition and value engineering designing; identifies the critical issues that may bottleneck the production process and the de-bottlenecking measures that may be needed, agree to the inspection and validation process with the customer and initiate all activities that would allow smooth production and customer offtake, well before the product is commercially rolled out.

In a 'total quality' environment, adherence to quality standards and processes cannot be restricted to the internal environment alone. Quality initiatives also have to be spread to the vendor community so that imperfections in input materials or delivery schedules do not cascade onto AIS's manufacturing and delivery processes.

AIS has, therefore, embarked upon an intensive vendor upgradation system, with the objectives of upgrading vendors in order to improve the quality, delivery, cost and response expectations of the customer and increasingly localise input materials in order to reduce costs.

To achieve these objectives, AIS has adopted a number of diagnostic tools, including customer satisfaction reports, in-house rejection analysis reports, team oriented problem solving (TOPS) and the like. Results are shared with vendors & vendor development and upgradation takes place on a collaborative basis.

Quality initiatives also need to be translated into 'on time, every time' delivery, which is a Supply Chain exercise. To improve the efficiency of the Supply Chain process, a new department – Supply Chain Planning & Logistics - has been created, where material planning, production planning, dispatch planning and logistics have been centralised and streamlined for a seamless 'end to end' flow of input material from vendor to output product for customer.

Safety is another major priority in TQM. A safe environment and safe manufacturing practices not only reduce 'down time' of machines but also ensures quality of goods supplied. AIS has institutionalised the 'Safety First' principle at its plants and all employees are expected to use safe manufacturing practices and participate in safety activities.

From February, 2006, AIS also introduced the concept of Total Productive Management (TPM) at its Rewari plant. TPM can be considered as the medical science of machines. TPM is a maintenance program which involves a newly defined concept for maintaining plants and equipment. The goal of the TPM program is to markedly increase production while, at the same time, increasing employee morale and job satisfaction.

TPM brings maintenance into focus as a necessary and an important part of the business. It is no longer regarded as a non-profit activity. Down time for maintenance is scheduled as a part of the manufacturing day and, in some cases, as an integral part of the manufacturing process. The goal is to hold emergency and unscheduled maintenance to a minimum.

TPM was introduced to achieve the following objectives:

- Avoid wastage in a quickly changing economic environment.
- Producing goods without reducing product quality.
- Reduce cost.
- Produce a low batch quantity at the earliest possible time.
- Reduce rejections of goods

Benefits from TQM initiatives

Over the years, TQM initiatives have paid multiple dividends to the Company. The financial benefits from these have been there to see. In an extremely competitive market, the fact that AIS has dominant market share in the auto glass business is testimony to the sustainability of TQM practices. AIS has become self sufficient in product and process technology and can confidently take up increasingly complex challenges for delivering value-added auto glass solutions. Employee participation in TQM activities is extremely high and the Company constantly receives suggestions for improvements, which are examined and implemented on merit. Customer feedback on quality, delivery and development has become a storehouse of knowledge and a method to improve further. Assets are utilised to optimum efficiencies, which lead to low processing costs. And everyone works in a socially responsible and safe environment. It is the culmination of all these activities, its consequent benefits and the assimilation of the quality philosophy in AIS that has translated to the Deming Prize.

A special word of thanks to our TQM Guru - Prof. Yoshikazu Tsuda, who has guided AIS all the way for the last 10 years and more.

TQM Journey- Way Forward

Quality journeys do not end, they simply progress. It is the same with AIS. The Deming Prize has been a significant milestone in AIS's quality journey but to continue to meet the future challenges, AIS will need to mould itself even more into the 'TQM way of doing business'.

By winning the Deming Application Prize, AIS's Auto Glass Division has now become eligible to challenge for the Japan Quality Medal (JQM) after three years.

The journey continues.

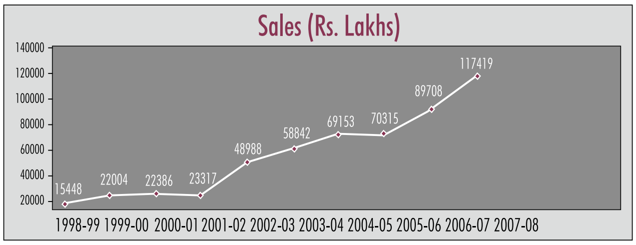
THE TQM LEXICON

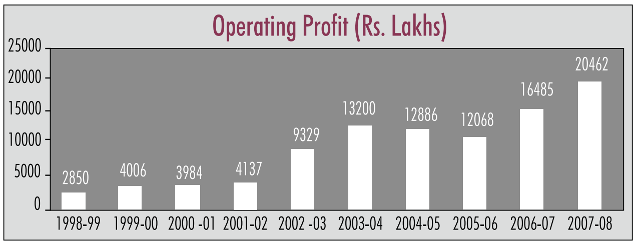
5-S	Seiri, (arrangement) Seiton (orderliness & tidiness), Seikutsu (cleanliness), Seiso (follow cleanliness) and Shitsuke (discipline). 5S is the foundation of good work culture.
5 WHY ANALYSIS	Problem solving technique that allows getting at the root cause of a problem fairly quickly.
7 QC TOOLS	Check-sheets, pareto charts, flow charts, cause and effect diagrams, histograms, scatter diagrams, control charts: used to solve problems scientifically.
CP	Checking Point. Numerical indicator of a management process.
DEEP ANALYSIS	Deep and systematic study to solve chronic problems, thereby acquiring knowledge of new technologies.
DOE	Design of Experiments. A six-sigma tool for validating and discovering relationships between responses and factors.
FMEA	Failure mode and effects analysis: a procedure for analysis of potential failure modes within a system for classification by severity or determination of the failure's effect. Widely used in manufacturing industries in various phases of the product life cycle.
GAP ANALYSIS	Analysis of the reasons for not achieving results in accordance with the plans already made.
KAIZEN	Step-by-step improvement, carried out by all.
MP	Managing Point. Numerical indicator of a management result.
PDCA	Plan, Do, Check & Act. This is the famous cycle of management, also called the Deming's Cycle.
SDCA	Standardise, Do, Check & Act. Any repetitive activity can be done efficiently using these four steps.
SPC	Statistical Process Control. An effective method of monitoring a process through the use of control charts.
TPM	Total Productive Maintenance. An approach to equipment management to prevent accidents, quality defects and breakdowns.
TQM	Total Quality Management. A set of systematic activities carried out by the entire organisation to achieve customer satisfaction, thereby building unique organisational capabilities.
X MATRIX	A tool available for successfully implementing policy deployment in a meaningful and simple way as part of a lean conversion. It addresses a few critical aspects of policy deployment i.e. business objectives, selected projects, goals and financial impact of the project.

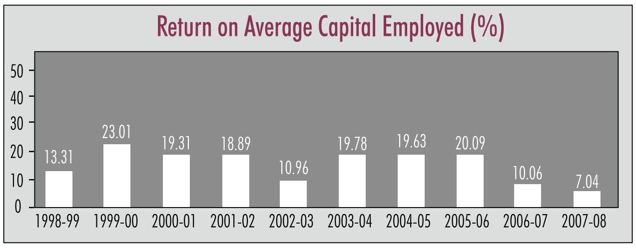
Ten Years' Financial Snapshot

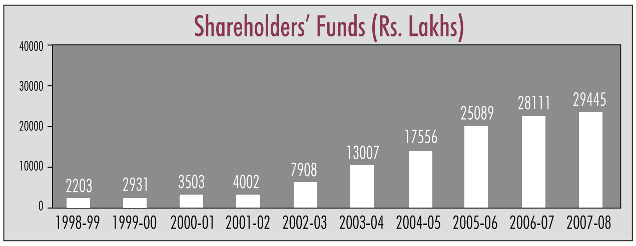
(Rs. Lakhs)

Items	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross Sales	15,448	22,004	22,386	23,317	48,988	58,842	69,153	70,315	89,708	11,7419
Other Income	186	200	211	171	578	1,485	741	365	2,263	6,006
Total Income	15,634	22,203	22,597	23,488	49,566	60,327	69,893	70,680	91,971	1,23,425
Operating Profit	2,850	4,006	3,984	4,137	9,329	13,200	12,886	12,068	16,485	20,462
Interest	934	755	582	485	787	242	316	1,083	3,545	8,476
Gross Profit	1,916	3,251	3,402	3,652	8,542	12,958	12,570	10,985	12,940	11,986
Depreciation	1,366	1,606	1,927	1,744	4,385	5,006	4,032	631	6,527	10,050
Profit Before Tax	335	1,393	1,296	1,726	3,816	7,759	8,498	9,123	6,324	1,958
Tax	90	460	500	540	48	584	678	498	2,117	624
Profit After Tax	245	933	796	1,186	3,768	7,175	7,820	8,625	4,208	1,334
Paid-Up Equity Capital	370	370	370	740	800	800	800	1,599	1,599	1,599
Reserve & Surplus	1,833	2,561	3,133	3,262	7,109	12,207	16,757	23,490	26,512	27,846
Shareholders' Fund	2,203	2,931	3,503	4,002	7,908	13,007	17,556	25,089	28,111	29,445
Loans										
- Interest Free Sales Tax Loan	1,471	2,052	2,493	2,568	2,482	2,431	2,347	2,267	1,900	1,464
- Interest Free Foreign Currency Loan	-	-	-	-	22,681	20,881	20,881	21,299	20,753	19,154
- Interest Bearing Loan	6,473	4,983	6,332	9,199	8,536	3,731	21,278	63,107	1,01,321	1,18,525
Capital Employed	9,357	9,316	10,138	13,273	41,315	39,609	50,195	63,801	1,32,467	1,63,853
Net Fixed Assets	5,303	7,165	9,153	8,932	33,608	30,424	48,052	97,311	1,30,308	1,29,537
Net Current Assets	4,127	2,300	2,863	5,828	8,861	10,718	14,009	14,793	24,174	41,303
Earning Per Share (Rs.)	6.63	25.22	21.51	16.03	4.71	8.91	9.69	6.17	2.63	0.83
Cash Earning Per Share (Rs.)	51.79	75.43	78.46	42.05	10.69	15.34	14.78	6.37	7.97	7.40
Dividend Payout (%)	41.83	22.00	28.15	34.21	35.92	28.29	29.05	12.69	28.19	-
PBDIT/Average Capital Employed (%)	29.90	42.91	40.96	35.34	21.63	32.62	28.70	21.17	16.80	13.81
ROACE (%)	13.31	23.01	19.31	18.89	10.96	19.78	19.63	20.09	10.06	7.04
ROANW (%)	11.51	45.91	27.78	33.65	51.33	69.79	51.27	40.49	15.82	4.64









- Previous period figures have been regrouped / rearranged, wherever required.
- Capital employed is exclusive of capital WIP and miscellaneous expenditure not written off.
- Earnings are taken on expanded equity capital, post bonus & merger.
- Other income figures for 2002-03, 2003-04, 2006-07 and 2007-08 are inclusive of exchange rate gain.
- Face value of equity share is Re. 1/- from 2002-03 onwards.
- Shareholders' funds does not include non-cumulative preference share capital.

Corporate Information

Board of Directors

B.M. Labroo
Chairman

Sanjay Labroo
Managing Director & C.E.O.

Keizaburo Kojima
Technical Director

Masayuki Kamiya
Director

Surinder Kapur
Director

Shinzo Nakanishi
Director

Keiichi Nakagaki
Director

Rahul Rana
Director

Gautam Thapar
Director

P. L. Safaya
Director & C.O.O. (Float)

Arvind Singh
Director & C.O.O. (Auto)

Board Committees

Audit Committee

Surinder Kapur
Chairman

Arvind Singh
Member

Gautam Thapar
Member

Remuneration Committee

Gautam Thapar
Chairman

Surinder Kapur
Member

Keizaburo Kojima
Member

B.M. Labroo
Member

Shareholders' / Investors' Grievance Committee

B.M. Labroo
Chairman

Sanjay Labroo
Member

Arvind Singh
Member

Statutory Auditors
Jagdish Sapra & Co.
Chartered Accountants

Internal Auditors
A. Sharma & Co.
Chartered Accountants

Bankers
Citi Bank N.A.
HDFC Bank Ltd.
The Bank of Tokyo – Mitsubishi (UFJ) Ltd.
ICICI Bank Ltd.
Mizuho Corporate Bank Ltd.
State Bank of Mysore
State Bank of India
Standard Chartered Bank
The Jammu & Kashmir Bank Ltd.
Punjab National Bank
ABN Amro Bank N.V.
The Hongkong & Shanghai Banking Corporation Ltd.

Registered Office
12, Basant Lok,
Vasant Vihar,
New Delhi – 110 057
Tel: (011) 26142288

Corporate Office
Global Business Park,
Tower – B, 5th Floor,
Mehrauli – Gurgaon Road,
Gurgaon – 122002
Tel: (0124) 4062212-19
Fax: (0124) 4062244/88

AIS Auto Glass

Plants
94.4 Kms., National Highway – 8,
Village – Jaliawas,
Tehsil – Bawal,
Dist. – Rewari – 123 501
Haryana
Tel: (01284)264366/367/274
Fax: (01284) 264185

Plot No. F - 76 to 81,
SIPCOT Industrial Park,
Irungattukottai,
Sriperumbudur Taluk,
Dist. – Kancheepuram
Tamil Nadu – 602 105
Tel: (044) 47103442/43
Fax: (044) 47100441

Plot No. T – 16,
MIDC Industrial Area,
Taloja,
Dist. – Raigad – 410 208
Tel: (022)27412256/1614
Fax: (022) 27412595

Sub-Assembly Units
No. 28 Challighata Village Road,
Anchepalya,
Mysore Road,
Bangalore - 560074
Tel: (080) 28437139
Fax: (080) 28437455

1301/B, GIDC,
Halol,
Dist. – Panchmahal,
Gujarat – 389350
Tel: (02676) 225610

AIS Float Glass

Plant
Plot No. T-7,
MIDC Industrial Area,
Taloja,
Dist. – Raigad – 410 208
Tel: (022) 27410171-74
Fax: (022) 27410090

Sales and Marketing Head Office
C – 203/B, Fortune 2000,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400 051
Tel: (022) 30620101/07/13
Fax: (022) 30620119

Zonal Offices

North
605, 6th Floor,
Ansal Bhavan,
16, Kasturba Gandhi Marg,
Connaught Place,
New Delhi – 110 001
Tel: (011) 30681123-25
Fax: (011) 30681126

South & East
No. 2 – C, 1st Floor,
Ruby Regency,
Dinrose Estate, New No. 69,
Anna Salai,
Chennai – 600 002
Tel: (044) 28542491-93
Fax: (044) 28542494

AIS Glass Solutions

Corporate Office
38, Okhla Industrial Area, Phase-III,
New Delhi – 110020
Tel: (011) 41001690/92
Fax: (011) 41001691

Sales Offices
Gundecha Industrial Estate,
4th Floor, Office No.414,
Akurli Road (Next to Big Bazar),
Kandivali – (East),
Mumbai – 400 101
Tel: (022) 32472689
Fax: (022) 67031181

1104, 11th Floor,
Prestige Meridien – I, M G Road ,
Bangalore – 560001
Tel: (080) 41512634/35,
Fax: (080) 41512636

No. 145, 1st Floor, 100 Feet Road,
Aalam Center, Senthil Nagar
Chennai – 600094
Tel: (044) 23620213
Fax: (044) 23620113

Integrated Glass Plant
Plot – A, AIS Industrial Estate,
Village Latherdeva Hoon,
Mangular Jhabrera Road,
PO: Jhabrera, Tehsil Roorkee,
Dist. – Haridwar,
Uttarakhand – 247 667
Tel: (01332) 224010/14/15/16/19
Fax: (01332) 224114

Management Discussion and Analysis

Economic Overview

Although the first half of 2007-08 was relatively stable, the second half of the year has been gloomy for the global economy. While the US GDP has shown a 0.6% sequential growth in the first quarter of calendar 2008, the economy is showing all the signs of a recession. Consumer spending in the US is driven largely on the back of credit taken against housing assets. Since 2007, housing prices started moving downwards in the US, but the accelerated effect of this phenomenon was witnessed during the second half of 2007. Consequently, there has been a sharp fall in consumer spending, which has been exacerbated by the steep rise in prices of oil. These, in turn, have adversely affected the US automobile industry, which has witnessed a 10% fall in passenger car production and a massive 40% fall in the production of commercial vehicles.

The EU economies are not faring much better, either. Though 2007 saw an annualised growth, EU countries, especially Spain, has been witnessing inflation well beyond their usual permissible band of 0-2% due to rising food and oil prices. UK's economy grew by 2.5% for Q1 2008 over the same quarter of the last year – the slowest growth in the last two years.

Amongst all these gloomy global performance indicators, China and India still stand out.

China's real GDP growth has steadily risen from 9.5% in 2004 to 11.9% in 2007. Q1 of 2008 has shown the first sign of marginally lower growth, with the GDP growth at 10.6% (compared with 11.1% in the same quarter last year). China, however, will have to deal with some worrying issues like lower demand from its trading partners and its appreciating currency resulting in the slowdown in China's trade surpluses. The other problem is consumer price inflation, which reached 8.3% in March, 2008 and has been at over 8% for several months.

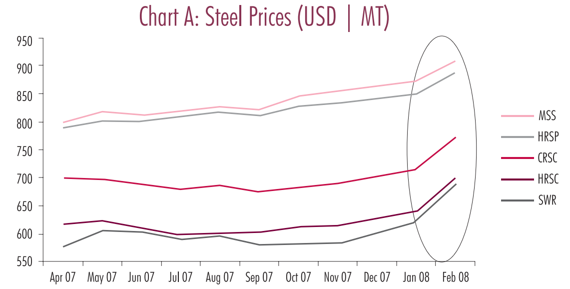
India's growth rate has been spectacular over the last three years - 9.4% in 2005-06, 9.6% in 2006-07 and 8.7% (estimated) in 2007-08, its growth rates are second only to China. But like China, India's growth has been slowing down. The second and third quarters of 2007-08 reflected the effects of the global slowdown in growth, especially in the industrial sector and in agriculture, with a marginal blip in the services sector as well.

The third quarter growth of Indian industry (at 8.4%) was among the lowest in the last two years. What is worrying about this is that the deceleration is across all the major sub-sectors: mining, manufacturing, electricity and construction. The slowdown in the construction industry (from over 10% annualised growth to 8.4% annualised growth) is particularly worrisome, as AIS caters to this industry in a big way. Manufacturing growth is also trending downwards on account of a negative growth in consumer durables. The capital goods sector, however, shows encouraging growth, with strong investment demand.

Inflationary pressures are a worrying aspect for the Indian economy. Since steel and crude oil are two important indicators of inflation and influence AIS's business segments, it is important to discuss in detail the inflationary pressures on these commodities.

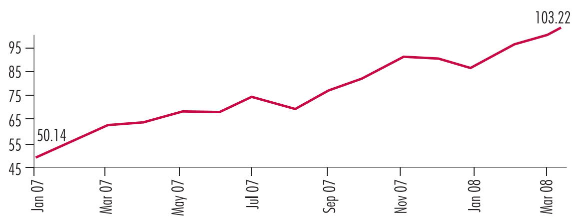
Steel prices have been spiraling upwards from April, 2007. Chart A shows that prices of all range of steel products has increased steeply in the first quarter of 2008. Unless the automobile manufacturers are able to absorb the price increase in steel (which looks unlikely), car prices are slated to increase. In fact, a number of car manufacturers have already increased prices between 2-3% in the first quarter of 2008 and there is an apprehension that this will negatively impact auto sales during this financial year.

Chart A: Steel Prices (USD | MT)



Global crude oil prices have been increasing steadily over the course of 2007-08. Chart 'B' plots the upward movement of crude oil prices since January, 2007, when it stood at USD 50.14 per barrel. And as on June, 2008 crude oil price stood at USD 134 per barrel, a staggering 167% increase in prices from January, 2007.

Chart B: Average Crude Oil Prices | USD/Barrel



High fuel prices have a double impact on AIS. First, manufacturing float glass is highly fuel intensive and any increase in fuel prices have a cascading effect on the profitability of AIS, especially so if there is a 'time lag' in being able to pass on the rise in input costs to the customer. Second, high fuel prices have a negative impact on the consumer demand for automobiles, where AIS is the dominant supplier for auto glass.

AIS: Performance Highlights

2007-08 was a challenging year for AIS when the external business environment posed tough scenario. However, amidst all the challenges there were notable wins for AIS, both financially and operationally. AIS grew its topline by 31% and in spite of sharply rising costs, improved its operating profit from the previous year levels.

On the operations side, the Total Quality Management (TQM) practices, followed by AIS since 1998, got recognised globally and AIS Auto Glass received the prestigious "Deming Application Prize, 2007" for having achieved distinctive performance improvement through the application of TQM. AIS is one of the just fourteen Indian companies who have won this prestigious award and is the only glass manufacturer in India who has been so honoured.

The financial highlights of AIS for 2007-08 are summarised below:

- Gross sales grew 31% from Rs. 89,708 lakhs in 2006-07 to Rs. 1,17,419 lakhs in 2007-08.
- Net sales grew 30% from Rs. 76,184 lakhs in 2006-07 to Rs. 99,353 lakhs in 2007-08.
- Operating expenses at Rs. 84,897 lakhs in 2007-08 increased by 37% compared to Rs. 61,961 lakhs in 2006-07. This increase was driven by increase in raw material costs (14%), power & fuel costs (70%) and a 64% increase in other manufacturing costs.
- Operating profit increased 24% from Rs. 16,486 lakhs in 2006-07 to Rs. 20,462 lakhs in 2007-08 including an impact of Rs. 5,243 lakhs on account of gain on foreign exchange fluctuation.
- Profit before tax declined to Rs. 1,958 lakhs in 2007-08 as compared to Rs. 6,324 lakhs in 2006-07 which was affected by depreciation and interest costs on account of first full year of commissioning of the Roorkee plant. Consequently, the Company charged depreciation to the extent of Rs. 10,050 lakhs during 2007-08, a 54% increase as compared to Rs. 6,527 lakhs in 2006-07 and the interest costs increased by 139% from Rs. 3,545 lakhs in 2006-07 to Rs. 8,476 lakhs in 2007-08.
- Profit after tax was lower at Rs. 1,334 lakhs in 2007-08 as compared to Rs. 4,208 lakhs in 2006-07.

In-depth financial and operational analysis of the three SBUs of AIS, along with segment-wise industry analysis and management outlook is narrated hereinafter.

AIS Auto Glass

During 2007-08, AIS Auto Glass continued its dominating position in the Indian passenger car industry, with a market share of about 80%.

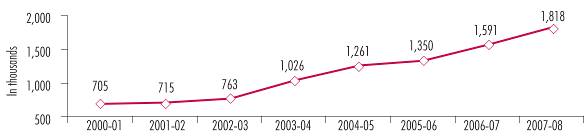
With the growing number of international Original Equipment Manufacturers (OEMs) setting up manufacturing hubs in India and consequently demanding highest standards of quality and impeccable 'Just In Time' supplies, AIS Auto Glass has lived up to their expectations and has become their 'supplier of choice'.

Industry Structure & Developments

AIS Auto Glass manufactures a wide range of automotive safety glasses including laminated windshields, tempered sidelites (window glasses) and backlites (rear windscreen) for vehicles. The Indian automotive industry is the major customer segment of AIS Auto Glass.

The passenger car industry segment (cars and MUVs) has grown at a compounded annual growth rate (CAGR) of 14.49%: from 7,05,000 vehicles in 2000-01 to 1.8 million vehicles in 2007-08. The growth of vehicle production in India over the last seven years is shown in Chart C below:

Chart C: Vehicle Production in India



India is emerging as a global manufacturing hub of compact cars for domestic and exports markets as well a lucrative market for global automotive manufacturers. Consequently, the automobile sector is expected to contribute about 10% of India's GDP by 2016. This implies that the automotive manufacturing companies are increasing capacities which shall consequently increase demand for auto glass.

Performance

In 2007-08, AIS Auto Glass continued its dominance in the Indian markets growing sales volumes by 9.2% in laminated windshields and by 13.5% in tempered glass.

During 2007-08 AIS Auto Glass retained its dominant share of business with almost all the OEMs, a number of which are global giants.

Gross sales increased12.3% from Rs. 50,966 lakhs in the previous year to Rs. 57,248 lakhs in 2007-08. Table 1 gives the details of production and sales of AIS Auto Glass for the year ended 31st March, 2008.

producing extra-large size laminated windshields. With the commissioning of this project, AIS Auto Glass is now in a position to address the growing demand of commercial vehicles in India and abroad.

AIS Auto Glass has also expanded production capacities at its auto glass plant at Chennai by adding an ultra modern, latest technology sidelite tempering furnace capable of producing 1.2 million sidelite sets per annum. This tempering furnace is capable of processing high quality complex shaped automotive sidelites.

Table 1 : Production and Sales of AIS Auto Glass

	2007-08	2006-07	Change %
Production (Quantity)			
Laminated Windshield (pieces)	21,66,386	20,02,137	8.20
Tempered Glass (sqm)	38,38,752	34,48,074	11.33
Sales (Quantity)			
Laminated Windshield (pieces)	21,41,958	19,62,057	9.17
Tempered Glass (sqm)	38,20,172	33,65,457	13.51
Gross Sales (Rs. Lakhs)	57,248	50,966	12.33

In order to improve volumes and value, AIS is planning to increase both its geographical spread as well as its product offerings. Some of the areas that are under active development are windscreens with PET, melting snow window (also known as the heated area windscreen), etc, as well as entering the truck segment for exports.

Operations

During 2007-08, apart from the significant achievement of receiving the prestigious "Deming Application Prize", AIS Auto Glass received other commendations from its customers including award for achieving "Targets of Delivery" from Toyota Kirloskar Motors Ltd., "5 Star Award" and the award for "Best Quality Performance" from Hyundai Motors India Ltd.

AIS Auto Glass production facilities are located at strategic locations within India – Rewari-Haryana, Roorkee-Uttarakhand (North India), Chennai-Tamil Nadu (South India), as well as sub-assembly units are located at Bangalore and Halol-Gujarat in proximity to the customers.

The auto glass plant at Roorkee (Uttarakhand) commenced commercial operations from October, 2007. It is a state-of-the-art manufacturing facility for auto glass with an installed capacity for manufacturing of 5,00,000 laminated windshields and 4,00,000 tempered sidelites per annum. With this expansion, AIS Auto Glass is in a position to cater to the growing OEM customer base in Uttarakhand and service the after-market more effeciently.

During 2007- 08, AIS Auto Glass indigenously developed a furnace at the auto glass plant at Rewari, capable of

Input Costs & Sourcing

Float glass and Poly Vinyl Butyral (PVB) are the major raw material inputs for manufacturing auto glass. In 2007-08, AIS Auto Glass faced about 25% increase in prices for float glass in light of increased input costs for manufacturing float glass. Moreover, change in strategic priorities of two key overseas suppliers and regulatory constraint on the third supplier led to a supply constraint of float glass. AIS Auto Glass developed alternate sources and in the process initiated quality supplies at prices that are competitive in the context of the current situation.

Though AIS Auto Glass has developed alternative sourcing arrangements, the input cost of float glass is expected to remain firm or trend upwards in 2008-09. This is likely to put pressure on margins of AIS Auto Glass.

During 2008-09, AIS Auto Glass is looking at increasing its buying from AIS Float Glass in order to achieve an optimum mix of local and import, further strengthen the integration of the two business units and also provide security in supply chain.

2007-08 saw the PVB industry passing through a global capacity crunch for both extrusion capacity for PVB sheet and raw material (resin). Moreover, PVB being a petrochemical derivative, the increasing costs of crude oil have exerted upward pressures on the price of PVB as well as constrained its supplies. The trend is likely to continue in 2008-09, given the current oil prices.

AIS Auto Glass is actively looking at vendor development and coordination with existing vendors to secure the supply line and keep costs in check.

Market Outlook & Opportunities

The first two months of 2008-09 have shown contradictory trends in automobile demand. In April, 2008, the maximum sales of vehicles for calendar year 2008 took place. Domestic passenger car sales grew by 21% compared to April, 2007, utility vehicles by 32% and multi-purpose vehicles by 48%. Automobile exports also registered an overall growth of 32% in volume terms. May, 2008, however, saw growth trending down, on the back of anticipated fuel price hikes and a general increase in interest costs. Automobile demand for May, 2008 increased by around 13-15% compared to May, 2007, though export sales grew about 40% compared to the same month in the previous year. Rising cost of fuel coupled with higher interest rates are weakening the sales of several OEMs.

On a longer time horizon, the auto glass business for AIS is expected to grow in volume and market share. Notwithstanding the twin problems of rising steel prices and the high cost of fuel, the long term prospects for the auto industry in India is positive and one of growth. Also, market reports suggest that car stock per 1,000 people is expected to reflect a CAGR of 9.1% from 2007 through 2010, with new passenger car registration growing at a CAGR of 11.4% over the same period.

Increasingly, global OEMs are sourcing auto components from low cost locations. AIS is ideally positioned to exploit this growth, thanks to its extremely high levels of acceptance among global OEMs in India, its demonstrated quality standards and the economies of size that it brings as a fully integrated player in the glass business.

AIS Float Glass

During 2007-08, AIS Float Glass showed significant growth in production and sales largely due to the commissioning of the float glass plant in Roorkee-Uttarakhand.

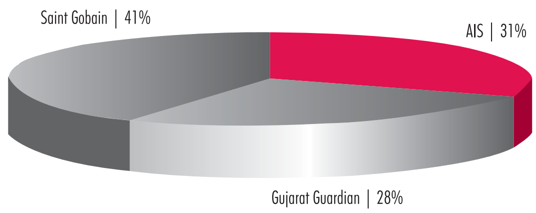
AIS Float Glass has the full range of products to cater to the requirements of growing float glass industry in India, wherein it enjoys 31% market share.

Industry Structure & Developments

Apart from AIS, the major players in the Indian float glass industry are Gujarat Guardian Ltd. and Saint Gobain Glass India Ltd.

Chart D shows the market share of AIS and other float glass manufacturers in India.

Chart D: Float Glass : Market Share



The growing construction industry in India, with its need for larger quantities of various types of processed glass, such as toughened, laminated, heat reflective glass and double glazed glass poses a healthy growth in the float glass industry.

The flat glass sales in India has been growing at CAGR of 12.28% with a higher growth of float glass sales at 13.69%. Tables 2 and 3 give the growth of flat and float glass sales in India respectively.

The domestic float glass manufacturers are planning to substantially increase their focus on value-added products for use in the construction and automobile sectors to improve their margins in the current fiscal.

Table 2:Growth of Flat Glass Sales in India

Year	MT/Day	% Growth
1999-00	1,226	–
2000-01	1,265	3.18
2001-02	1,322	4.51
2002-03	1,461	10.51
2003-04	1,646	12.66
2004-05	1,841	11.85
2005-06	2,003	8.80
2006-07	2,006	0.16
2007-08	2,252	12.28

Table 3:Growth of Float Glass Sales in India

Year	MT/Day	% Growth
1999-00	863	–
2000-01	886	2.67
2001-02	980	10.61
2002-03	1,106	12.86
2003-04	1,310	18.44
2004-05	1,427	8.93
2005-06	1,630	14.23
2006-07	1,781	9.25
2007-08	2,025	13.69

Performance

2007-08 saw the first full year of operations for the Roorkee float glass plant. The plant has installed capacity to produce 700 tonnes per day (TPD) of float glass. Consequently, with the increased capacity coming on stream, both production and sales showed large increases over the last year's performance.

During 2007-08, production of float glass grew 60.3% from 39 million converted square metres (csqm) in the previous year to 62.52 million csqm. Sales volumes also kept pace with the production growth, registering a 56% increase from 29.80 million csqm in the previous year to 46.49 million csqm. In value terms, overall sales grew 57.5% from Rs. 34,274 lakhs to Rs. 53,984 lakhs.

Table 4 summarises the details of the production and sales of AIS Float Glass during 2007-08.

AIS had to face a 41% increase in LSHS prices during the year.

Soda ash is another significant input for float glass manufacture. Here again, prices went up significantly during the year (by about 11% during 2007-08). Chart G shows the increasing trend of soda ash costs throughout 2007-08.

The rise in input costs of AIS Float Glass were largely absorbed internally in 2007-08 as there is a time lag in passing the increased cost to the customers.

AIS is currently exploring and exploiting a variety of cost reduction measures, including looking at lowering other input costs to at least partially offset cost increases in fuel and soda ash, supply chain initiatives, energy saving measures and possible energy alternatives.

Table 4 : Production and sales of AIS Float Glass

	2007-08	2006-07	Change %
Production (csqm)	6,25,19,282	38,999,031	60.30
Sales (csqm)	4,64,88,674	29,790,185	56.00
Gross Sales (Rs. Lakhs)	53,984	34,274	57.51

Operations

AIS Float Glass has two plants manufacturing international quality float glass. The first plant, with a 500 tonnes per day (tpd) capacity, is located at Taloja, Maharashtra (West India). In January 2007, the Company inaugurated the second plant at Roorkee, Uttarakhand (North India), with a capacity of 700 tpd.

AIS Float Glass has 31% market share in Indian float glass market. Within India, sales to customers in North India were the maximum at 44%, mainly due to the increased volumes that were produced at Roorkee. West and South India had practically identical sales (21% and 22% respectively). Chart E shows the geographical distribution of sales of AIS Float Glass.

During 2007-08, AIS Float Glass received "Construction World Award" for the largest and most profitable glass company for the third consecutive year.

Input Costs & Sourcing

Manufacturing float glass is energy intensive and furnace oil or low sulphur heavy stock (LSHS) oil is used to run the furnaces at AIS's manufacturing plants.

For AIS, the procurement price of LSHS and furnace oil went up sharply over the year. Chart F tracks the trend of procurement prices of LSHS/ furnace oil for AIS through 2007-08.

Chart E: AIS Float Glass: Geographical Distribution

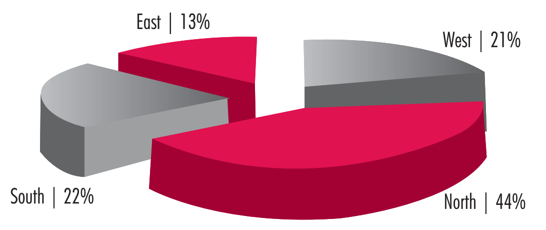


Chart F: Procurement Cost of LSHS/ Furnace Oil

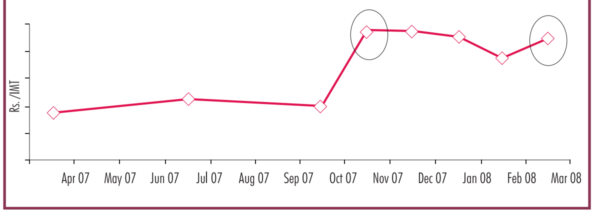
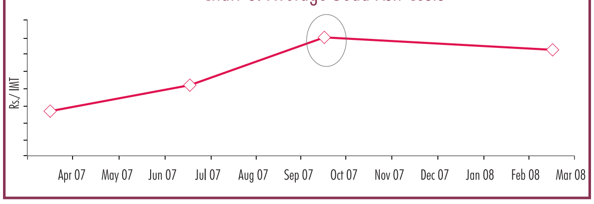


Chart G: Average Soda Ash Costs



Market Outlook & Opportunities

The float glass business continues to hold great potential looking forward. India's per capita consumption of float/ sheet glass in India is only 0.7 kg, which is extremely low in comparison to Japan (14 kg), Thailand (5.2 kg), China (3.5 kg), Malaysia (2 kg) and Indonesia (2.5 kg) and therefore there is huge growth potential of the Indian float glass industry.

The rapid growth in domestic construction present a significant opportunity for float glass manufacturers. Domestic prices have started firming up during the first quarter of 2008-09 and it is expected that this trend would continue. The boom in retailing has meant that mall construction (where large amounts of value-added glass are used) is now migrating to the tier 2 and tier 3 cities. Realty prices in Indian metros have been consistently increasing.

In 2008-09, exports are showing growth potential. Global float glass demand is forecasted to go beyond 39 million tons by 2010. China accounts for about one-third share in the worldwide demand of flat glass, and in spite of increase in Chinese production capacities, it is expected that there would be a global demand overhang.

AIS Glass Solutions

AIS Glass Solutions is the face of the architectural glass processing business of AIS. It provides innovative and value-added glass products and services, especially for architectural glass requirements.

AIS Glass Solutions Ltd. was incorporated as a subsidiary company of AIS in 2004 and within its first full year of operations it emerged as the largest glass processor in the country.

Not only are more buildings coming up, but they are also using more glass due to increase in the glazing area. This increase is driven by changing consumer tastes with a need to connect with the outside given long periods of indoor activity. In a two year period (from 2005-06 to 2007-08), the average value addition per square metre of glass has increased by over 23%. New projects require more complex solutions and energy efficient glass. In turn, this drives up the unit realisation price.

Performance

Currently, its four architectural glass processing plants located at Taloja, Maharashtra (West India), Chennai, Tamil Nadu (South India), Rewari, Haryana and Roorkee, Uttarakhand (North India). The Roorkee facility is a part of the largest Integrated Glass Plant in the country and became operational from September, 2007.

During 2007-08, production of architectural glass increased 35.8% to 0.49 million sqm compared to 0.36 million sqm in the previous year, partially driven by the new Roorkee plant which started commercial production in September, 2007. Sales were also up by 37.7% over last year to reach 0.49 million sqm in 2007-08. In value terms, 2007-08 sales were at Rs. 6,187 lakhs, which represent an increase of 12.5% over the previous year's sales.Table 5 summarises the details of the production and sales of architectural glass processing business during 2007-08.

Input Costs & Sourcing

Being in the same industry segment, AIS Glass Solutions faced similar pressures of rising input costs, mainly of key inputs like PVB, fuel and float glass.

Table 5 : Production and Sales of Architectural Glass Processing Business

	2007-08	2006-07	Change %
Production (sqm)	4,90,758	3,61,429	35.79
Sales (sqm)	4,86,165	3,53,099	37.69
Gross Sales (Rs. Lakhs)	6,187	5,500	12.49

Industry Structure & Developments

The architectural glass processing industry is largely unorganised in India comprising of retailers, fabricators and dealers. The industry is in a revolutionary stage as the market segment it caters to is amongst the highest growth drivers in the country.

In spite of general inflationary pressures, the construction industry in India has been showing rapid growth. Simultaneously, builders have started to showcase projects with high quality construction materials, among which processed and value added glass figures prominently.

Market Outlook & Opportunities

The architectural glass processing industry in the country has grown at approximately 25-30% per year over the past 5 years, with an approximate industry size of Rs. 600 crores. It is expected that the industry will grow at around 30-35% during the next three years.

AIS Glass Solutions has its largest and latest plant at Roorkee, which is expected to contribute to a substantial part of the future sales. The plant carries excise and income tax holiday for 10 years and 5 years, respectively which shall improve the performance in the coming years.

With four plants located in Mumbai, Rewari, Roorkee and Chennai and sales offices across India, AIS Glass Solutions is in the best position to serve its clients nationally and seamlessly. This national footprint allows AIS Glass Solutions to obtain and execute contracts faster and more efficiently.

Architectural glass selling is not 'commodity selling'; it needs a trained sales force which understands the needs of the customer which may be both technical and aesthetic. AIS Glass Solutions' sales force has been trained in making technical sales, and with their learnings of operational best practices, make it a potent force multiplier in this business.

Information Technology

Over the years, Information Technology (IT) has evolved as a key function in supporting AIS to achieve its operational goals. AIS has a fully functional and centralised Oracle Enterprise Resource Planning (ERP) System which is integrated across all locations of AIS covering the entire chain of operational functions. During 2007-08, the following were the key IT initiatives undertaken by the AIS at its various locations:

Transaction Applications

- Roll out of Oracle ERP for all manufacturing units at Roorkee.
- Automation of production recording system for one of the facilities resulting in online generation of production MIS.
- Designing and implementation of production planning simulators / optimisers for Roorkee float glass plant.
- Creating an automatic 'SMS alert system' for customers of AIS Float Glass for their order status.
- Implementation of Radio Frequency Identification Devices (RFID) technology for pallets tracking system for AIS Auto Glass. This system tracks the movement of finished goods / pallets movements across all locations of AIS and also helps in pallet requirement planning.

Executive Information System (EIS)

Implementation of COGNOS which will enable -

- Rationalisation of all existing EIS reports for AIS in sales, marketing, manufacturing and procurement.
- Designing and developing new EIS reports which are targeted for strategic, tactical and operational use.

Infrastructure & Communication Optimisation

- Upgrading the VPN/Internet routers from DAX to CISCO for better communication.
- Implementation of presentation servers that enable users for 'anywhere access' of applications.
- Upgrading the communication links across AIS locations to higher bandwidths.
- Commissioning the automated secondary links across the enterprise.

Data Security

- Commissioning of the firewall at the Data Centre of the corporate office at Gurgaon.
- Implementation of an enterprise-wide security suite.
- Implementation of backup solutions for all non-ERP applications.
- Completion of the functional and technical design of the Disaster Recovery Mechanism.

Risks & Concerns

Apart from the input costs largely affecting the operations of the Company, AIS has also been impacted significantly by currency and interest rate movements.

During 2007-08, the Indian Rupee appreciated significantly against the USD - largely supported by huge USD inflows into the Indian economy. Chart H plots the movement of the USD vis-à-vis the Indian Rupee since April, 2007. Starting at a level of Rs. 43.13 in April, 2007, the Indian Rupee appreciated to reach a high of Rs. 39.27 in January, 2008. Towards the end of the fourth quarter of 2007-08, the Rupee lost some of its gains and closed at Rs. 39.97 as on 31st March, 2008. Due to this appreciation of the Rupee against the Dollar, AIS, which has foreign currency loan obligations, was favourably impacted - resulting in significant gains on account of exchange rate variation.

Chart H: USD vs INR Apr 2007 to Jun 2008

2008-09, however, has so far witnessed a complete reversal of the trend observed in the previous year. Sharp corrections to the Rupee-Dollar rates have been seen. The Indian Rupee has depreciated against the USD — the current exchange rate is at Rs. 42.79, which is close to the April, 2007 levels.

As on 31st March, 2008, AIS had foreign exchange loan exposures of around USD 200 million on account of external commercial borrowings (ECB) and pre-shipment packing credit. If the trend seen during the first two months of 2007-08 continues and the Indian Rupee fails to appreciate against the Dollar, there may be a negative impact on AIS's future profitability, since the repayment of the principal and interest on these borrowings would increase due to the depreciated Rupee.

The interest rates on these foreign currency loans are pegged against the London Interbank Offer Rate (LIBOR). LIBOR rates on ECB have been hedged for the entire tenure of the loan. However, the volatility arising out of appreciation in USD against Indian Rupee may negatively impact interest payout during 2008-09. As on 31st March, 2008, AIS also had open letters of credit of approximately USD 8 million.

Internal Controls and their Adequacy

AIS is committed to maintaining high standards of internal control and risk management system to provide the requisite and adequate assurances to the stakeholders. The Company has a proper and adequate system of internal controls commensurate with its size and business operations at all SBUs, plants and the corporate office to ensure that its assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are reliably authorised, accurately recorded and reported quickly.

AIS has appointed Chartered Accountants to carry out internal audit at all its locations. The scope of its internal audit program is laid down by the Audit Committee of the Board of Directors. The Audit Committee is briefed every quarter of the findings by the internal auditors, along with the remedial actions that have been recommended or have been taken by the management to plug systemic weaknesses.

AIS has also set up a dedicated Systems & Audit Function (which focuses on design, implementation and monitoring of systems, processes and internal controls), a structured risk management system and monitoring of audits across all business units of AIS, along with the internal auditors of the Company.

Corporate Social Responsibility

As a responsible corporate citizen, AIS continues to earmark considerable resources for the common cause. AIS has always believed that true corporate performance does not only mean delivering growth, but addressing larger social issues like protection of environment, education of the underprivileged, health and sanitation upgradation. To that effect, over a period of years, the Company has been undertaking a number of community development initiatives around its manufacturing units.

In order to coordinate these diverse activities and bring them to a common platform, AIS decided that all such measures should be coalesced to a common platform – Integrated Community Development Program (ICDP). AIS ICDP is being administered and monitored by Youthreach – a Delhi based NGO.

The enunciated goal of ICDP has been to enhance the quality of life in the community by providing services enabling "community participation and leadership" towards mobilising government, community and all other entities that are critical towards achieving this goal.

2007-08, being the last year for implementation of phase 2 of ICDP (Phase 1 covered a period of 2004-06), continued targeting two areas for intervention and development each at Rewari and Roorkee "Education" and "Water & Sanitation" in Rewari and "Vocational Training" and "Enterprise Development" in Roorkee.

Initiatives at Rewari

Education Program

The education programs primarily focus on two areas – transportation of school children (especially the girl child) and establishing and running education centres ("AIS Unnati Centres") for the school drop-out children.

School drop-out rates in this area is high among girl children due to lack of safe local transportation. The school bus program of AIS, started in 2004, continues to enable 475 girl children from about 34 villages to commute from Rewari to their Senior Secondary School in Bawal.

2 "AIS Unnati Centres" covering about 58 children are run in Mohammadpur & Kheramurar which enables the youth, especially girls who have dropped out of school to continue education. Out of the above, 17 children appeared for class X examinations through the 'open school'.

Water & Sanitation

Falling levels of ground water, lack of access to safe drinking water and increasing the disuse of traditional knowledge and infrastructure are pressing issues in the realm of water and sanitation in Rewari. Under the water & sanitation program being carried out in 60 villages around Rewari, awareness covering the rainwater harvesting, recycling, managing waste water, water saving cropping pattern building and low-cost sanitation facilities were imparted.

Water & sanitation issues are better dealt with at a community level, for which community mobilisation is important. ICDP initiatives during the year focused on community mobilisation for participatory planning in villages through women's groups. During 2007-08 study tours for villagers were also conducted to Churu in Rajasthan to better understand the success of rain water harvesting.

Livelihood Support

This year, the focus has been on building capacity for the members of women sangathans in enterprise development. During the year, financial support (either through direct grants from the Company or through recoveries of loans taken by other group members) was provided to more than 500 women for starting small enterprises in agriculture, livestock, trading, cutting, tailoring and service based enterprises.

Initiatives at Roorkee

The primary goal of these initiatives is to improve the lives of people.

Vocational training for women and youth and enterprise development for women through Self-Help Groups (SHGs) were the initiatives that were undertaken at Roorkee during the year.

Vocational Training

Vocational training has been provided to more than 130 boys and 62 girls. Boys were trained in computer skills and the girls in beauty culture. 20 girls have also been referred to tailoring courses. Among those trained, 27 girls have already set up their own enterprises on a full-time or part-time basis and 11 boys have been gainfully employed. To enable these youth to set up their businesses, enterprise management training is also being imparted.

Enterprise Development

22 SHGs (comprising of 250 women) have been formed at Roorkee. These SHGs have now developed linkages with local banks in the form of bank accounts and cash credit limits. ICDP activities helped them through capacity building sessions, regular meetings and inter-loaning activities. From these SHGs, 108 women have set up their own enterprises in candle making, agarbatti making, setting up of petty shops, tailoring and embroidery, dairy, handloom, etc.

ICDP - At a Glance (2007-08)

Education Program

- School Bus for girls - 475 girls
- Remedial education - 41 children
- Drop out education - 17 children

Vocational Training & Micro Enterprise Development

- Micro Enterprise - 108 women
- Vocational Training - 190 youth
- Finance support to women for additional livelihood opportunities -500 women

Water & Sanitation Program

- Community Outreach - 60 villages @ 3,000 people per village
- Community Tanks - 3,805 people
- Johads- 4,000 live stocks
- Family Tanks- 46 families
- Environmental Sanitation - 171 families
- Water Saving Cropping Patterns - 9 marginal families

Q & A Session with M.D. & C.E.O.

How do you assess AIS's performance in 2007-08?

2007-08 has been a challenging year for AIS. The financial highlights of AIS are summarised below :

AIS: Summarised Financial Results

(Rs. lakhs)

Particulars	(Standalone)				(Consolidated)			
	2007-08	2006-07	Change(%)		2007-08	2006-07	Change(%)	
Gross Sales	1,17,419	89,708	30.89		1,18,317	91,897	28.75	
Net Sales	99,353	76,184	30.41		99,576	76,656	29.90	
Operating Profit (PBDIT)	20,462	16,486	24.12		20,059	16,630	20.62	
Cash profit (PBDT)	11,986	12,941	(7.38)		11,567	13,083	(11.59)	
Profit Before Tax	1,958	6,324	(69.04)		1,404	6,443	(78.21)	
Profit After Tax	1,334	4,208	(68.30)		774	4,308	(82.03)	

Topline growth of 31% over the previous year was in line with projections. Operating expenses, however, witnessed an increase of 37% to reach Rs. 84,897 lakhs, mainly due to input cost increases that have been triggered by spiraling oil prices. Consequently, AIS's bottomline came under pressure, especially so when compared to projections.

Operating profit registered a 2% increase over last year to reach Rs. 14,456 lakhs. After including other income of Rs. 6,006 lakhs for the year, operating profit for 2007-08 was at Rs. 20,462 lakhs – a 24% increase over last year's figure of Rs. 16,486 lakhs.

2007-08 was also the first year when the full effect of depreciation of the new Roorkee facility was reflected in the Company's books of accounts. As a result, depreciation charged during the year at Rs. 10,050 lakhs was 54% higher than the previous year's amount of Rs. 6,527 lakhs.

The negative impacts of increased operating expenses and depreciation meant that Profit before tax (PBT) for the year declined to Rs. 1,958 lakhs (2006-07- Rs. 6,324 lakhs). Profit after tax (PAT) after other adjustments for 2007-08 was Rs. 1,334 lakhs, compared to Rs. 4,208 lakhs for the previous year.

Although the Company's profits were lower than projections during 2007-08, the year has still many positives. Besides the 31% increase in sales, the Roorkee plant became fully operational during 2007-08 and is near stabilisation. The Integrated Glass Plant is a strategic fit in our value chain strategy and will help us in realising the synergy of an integrated end-to-end glass player. The receipt of the Deming Application Prize, 2007 and the Hyundai 5 Star Award for AIS Auto Glass were proud moments for all of us at AIS. The architectural glass processing business continued to show the upbeat momentum.

Having received the prestigious Deming Application Prize, what are your future targets in Total Quality Management?

Receipt of the Deming Application Prize will remain a moment of great pride for each one at AIS. First and foremost this is an endorsement of the years of hard work put in by my colleagues of AIS Auto Glass. Secondly, it is passing of a test conducted by some of the toughest auditors in the world. Without the diligent and dedicated efforts by all my colleagues at AIS Auto Glass this would not have been possible.

The Deming Award has motivated us to go even further in the TQM journey. However, we see this as a milestone to our never ending journey of TQM.

The Deming Award has made us eligible to challenge for the 'Japan Quality Medal' after three years, and that shall be our proximate target. However, the foremost purpose of TQM – understand, upgrade the abilities of our systems & processes management - towards achieving customer expectations and excellence in our operations shall continue to be embedded in AIS culture.

What is your strategy to negate the rising costs of key inputs?

The external pressures faced by AIS during 2007-08, especially the risings costs of key inputs like fuel and soda ash have invoked the necessity for AIS to face a new challenge – control over steady flow of the requisite inputs, which transcended from an operational item to a matter of strategic importance.

Consequently, we are taking an integrated approach to address this pressing problem. As a part of supply chain function, we shall focus on optimisation of logistics, development of alternate vendors, tying up of long term supply contracts and realising the synergies of integration.

Besides the above, we are also exploring the possibilities of using alternate sources of energy which may decrease AIS's dependency on wagering oil prices.

Could you update us on the current projects of AIS?

During 2007-08, the auto and architectural glass manufacturing units at the Integrated Glass Plant - Roorkee commenced commercial operations as per schedule. Besides there were capacity expansions at Chennai by addition of a sidelite tempering furnace capable of producing high quality complex shaped sidelites. At the Rewari auto glass plant, an indigenously developed large sized laminated windshield furnace for commercial vehicles was commissioned.

AIS has now completed all its major expansion programs. Current projects include completion of the projects initiated earlier and some small-low costs projects to be funded through internal accruals. The project for expansion of the laminated windshield capabilities at Chennai is scheduled to be commissioned in July, 2008. The small-low costs projects in the current year aim at implementing low cost technological upgrades and productivity enhancements. These are the gravity bending furnace for quarter-lites and material handling automation project in the Auto Glass Unit.

Are you concerned with the Chinese imports of float glass in India?

Chinese imports continue to be a source of concern. In spite of anti-dumping duties, Chinese float glass manufacturers sell their produce at very low prices, largely due to capacity overhang, government subsidies in labour, production and capital costs in that country. Thus, the prices at which Chinese glass is imported are difficult to match by Indian manufacturers. For the better part of 2007-08, the strong Rupee vis-à-vis the US Dollar also meant that importing raw glass was an attractive price proposition. The situation, however, has changed somewhat. The Rupee has weakened considerably during the first quarter of 2008-09, making imports that much more unattractive. Inflation in China has also impacted their selling prices — there has been a 10% increase in the price of Chinese float glass during the last five months. Also, as the Chinese government clamps down on energy inefficient plants due to the rising crude oil prices, Chinese float manufacturing capacity is coming down, and with it their exports.

What are your concerns of the high borrowing of AIS?

The increase in borrowings of AIS has been mainly short term borrowings on account of increased working capital requirement. There are no major capital expansion programs in 2008-09, hence, long term borrowings are not expected to increase. Routine capital expenditure programs shall be met from internal accruals.

The major concern remains the volatility of the Indian Rupee against the US Dollar. AIS has substantial foreign currency borrowings and if the Indian Rupee continues to depreciate against the US Dollar, profitability of 2008-09 may be negatively impacted.

Are you concerned about the increasing competition in the Indian glass industry?

The Indian glass industry has severe demands from a new entrant. Being a capital intensive, technology driven, high gestation industry, it is not easy for new entrant to compete with integrated players like AIS. Chinese imports may further threaten the viability of new entrants. I am interested in seeing the key developments in the industry during the near future.

What is your future outlook for AIS?

Even at its most pessimistic estimate, the Indian economy is expected to grow at least at 7.5% during 2008-09, which shall still make it the second fastest growing economy in the world. This growth will generate increased demand for glass, especially for value added glass products. Oil prices, though, continue to remain an area of concern.

With the technology breakthroughs, costs efficiencies and increasing demand, AIS will do well in 2009-10. 2008-09 will be the year to consolidate and bring into line all the process efficiencies. AIS Auto Glass shall remain dominant; AIS Float Glass shall further consolidate and streamline operations to translate its enhanced efficiencies to greater topline and bottomline. I expect AIS Glass Solutions to continue its knowledge-led innovations and glass solutions in the increased competitive scenario.

Report of the Directors

To the Members,

The Directors are pleased to present their 23rd Report along with the audited accounts of the Company for the year ended 31st March, 2008.

Financial Highlights

(Rs. Lakhs)

	2007-08	2006-07
Gross Turnover	1,17,419	89,708
Net Turnover	99,353	76,184
Other Income(1)	6,006	2,263
Total Income	1,05,359	78,447
Operating Profit (PBDIT)(1)	20,462	16,486
Gross Profit (PBDT)	11,986	12,941
Profit Before Tax	1,958	6,324
Profit After Tax	1,334	4,208
Appropriations :		
– Interim Dividend on Equity Shares	–	1,040
– Dividend on Preference Shares	–	–
Proposed Dividend on :		
– Equity Shares	–	–
– Preference Shares	–	–
Tax on Dividend	–	146
General Reserve	–	421
Balance Carried to Balance Sheet	10,270	9,536

(1) Other income & Operating profit are inclusive of gain on foreign exchange fluctuation.

Performance Overview

During 2007-08, the Gross sales of the Company increased 30.89% from Rs. 89,708 lakhs in the previous year to Rs. 1,17,419 lakhs. Operating profit increased 24.12% to Rs. 20,462 lakhs as compared to Rs. 16,486 lakhs in the previous year. However, Profit before tax declined 69.04% from Rs. 6,324 lakhs in the previous year to Rs. 1,958 lakhs which was impacted by increase in depreciation and interest charges on account of first full year of operation of the Roorkee plant. Similarly, Profit after tax also declined 68.30% from Rs. 4,208 lakhs in the previous year to Rs. 1,334 lakhs in 2007-08.

A detailed analysis of the Company's operations in terms of perfomance in markets, manufacturing activities, business outlook, risks and concerns forms part of the Management Discussion and Analysis, a separate section of this Annual Report.

Subsidiary Company

As required pursuant to provisions of Section 212 of the Companies Act, 1956, the financial statements and accounts of AIS Glass Solutions Ltd., a subsidiary of AIS, are annexed to this Report.

Share Capital

During 2007-08, in accordance with their terms of issue, your Company redeemed 6,00,000 0.01% Non-cumulative Redeemable Preference Shares of Rs. 100/- each held by Asahi Glass Co. Ltd. Japan, at its nominal value, in two tranches of 5,00,000 shares and 1,00,000 shares on 23rd November, 2007 and 26th March, 2008 respectively.

Awards

Your Directors take pleasure in reporting the following awards / recognitions received by your Company during the year :

1) Deming Application Prize, 2007 certifying the outstanding performance improvements achieved by AIS's Auto Glass Division through application of Total Quality Management (TQM);

2) Awards for "Achieving Targets of Quality" and for "Achieving Targets of Delivery" from Toyota Kirloskar Motors Ltd.;

3) "5 Star Award" and Award for "Best Quality Performance" from Hyundai Motors India Ltd.; and

4) Construction World's Award for the largest and most profitable glass company.

Consolidated Financial Statements

As required pursuant to the applicable Accounting Standards, the Consolidated Financial Statements of AIS form part of the Annual Report and Accounts.

Dividend

In view of the financial performance of your Company during 2007-08, the Directors have not recommended any dividend for the financial year 2007-08.

Directors

During the year, Mr. Jagdish Khattar retired from Maruti Suzuki India Ltd. (MSIL) and consequently resigned from the Board of Directors of AIS. MSIL has thereafter nominated its current Managing Director & C.E.O., Mr. Shinzo Nakanishi as Director on the Board of Directors of the Company in place of Mr. Jagdish Khattar.

In view of the above, approval of the Board of Directors of the Company was taken by way of passing of "Resolution by Circulation" on 10th January, 2008 for appointment of Mr. Shinzo Nakanishi as an Additional Director w.e.f. 2nd January, 2008 and the same was subsequently ratified by the Board in its meeting held on 22nd January, 2008.

Mr. Kazumi Yoshimura, Director informed that he would be returning to Japan after completion of his tenure in India as Chairman & Managing Director of Mitsubishi Corporation India Pvt. Ltd. and accordingly, tendered his resignation as Director of the Company w.e.f. 6th May, 2008. Mr. Keiichi Nakagaki was appointed as an Additional Director in the capacity of "Independent Director" on the Board of Directors of the Company w.e.f. 6th May, 2008 in place of Mr. Kazumi Yoshimura.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 73 of the Articles of Association of the Company, Mr. Shinzo Nakanishi and Mr. Keiichi Nakagaki hold office as Additional Directors upto the date of the ensuing Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 have been received from the Members of the Company proposing the candidature of Mr. Shinzo Nakanishi and Mr. Keiichi Nakagaki as Directors of the Company. Mr. Nakanishi and Mr. Nakagaki have also consented to act as Directors.

The Board records its sincere appreciation and gratitude for the valuable contribution and services rendered by the Directors who resigned during the year and extend a warm welcome to the new Directors.

The Board in its meeting held on 22nd January, 2008, has, subject to the approval of the Members of the Company, also approved re-appointment of Mr. P. L. Safaya as Whole-time Director, for a further term of 5 years w.e.f. 5th March, 2008.

In terms of provisions of Section 256, read with Section 255 of the Companies Act, 1956 and Article 70 of the Articles of Association of the Company, Mr. Masayuki Kamiya and Mr. Rahul Rana, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

The necessary resolutions for obtaining approval of the Members for appointment and re-appointment of Directors have been incorporated in the notice of the ensuing Annual General Meeting. The requisite disclosures have also been made in the report on corporate governance which forms part of the Directors' Report.

Listing

The equity shares of your Company continue to be listed at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company has paid the requisite listing fee to the above Stock Exchanges for the financial year 2008-09.

The application filed by the Company for voluntary delisting of equity shares of the Company from the Calcutta Stock Exchange is pending with the Stock Exchange. The matter is being regularly followed up.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby state and confirm that :

i) in the preparation of annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit/ loss for the period from 1st April, 2007 to 31st March, 2008.

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the annual accounts for the financial year ended 31st March, 2008 have been prepared on a going concern basis.

Corporate Governance

A separate report on corporate governance along with General Shareholder Information, as prescribed under the Listing Agreement, is annexed as a part of this Report along with the Auditors' Certificate on corporate governance.

Fixed Deposits

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and, as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

Auditors and Auditors' Report

M/s. Jagdish Sapra & Co., Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made at the ensuing Annual General

Meeting, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The observations of the Statutory Auditors in the Auditors' Report are explained, wherever necessary, in the appropriate Notes to the Accounts.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The information relating to conservation of energy, research & development, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A', forming part of this Report.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in Annexure 'B' to this Report. However, as per the provisions of Section 219(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the Members of the Company excluding the aforesaid information. Any Member interested in obtaining such information may write to the Company Secretary at the Registered Office or the Corporate Office of the Company. The said information is also available for inspection at the Corporate Office during working hours up to the date of the Annual General Meeting.

None of the employees listed in Annexure 'B' is a relative of any Director of the Company, except Mr. Sanjay Labroo who is related to Mr. B. M. Labroo.

None of the employees listed in Annexure 'B' hold, either by himself or alongwith his spouse and dependent children, more than 2% of the equity shares of the Company, except Mr. Sanjay Labroo.

Industrial Relations

During the year under review, industrial relations in the Company continued to be cordial and peaceful.

Acknowledgement

The Board hereby places on record its sincere appreciation for the continued assistance and support extended to the Company by its collaborators, customers, bankers, vendors, Government authorities and employees.

Your Directors acknowledge with gratitude the encouragement and support extended by our valued Shareholders.

On behalf of the Board of Directors

Place : Gurgaon
Dated : 6th May, 2008

B. M. Labroo
Chairman

Annexure – A

Information as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2008

Form – A

Conservation of Energy

Power and Fuel Consumption	Units	2007-08	2006-07
1) Electricity Purchased (KWH)	Units	8,86,21,402	5,97,85,708
Total Amount	Rs. Lakhs	3,505	2,559
Rate Per Unit	Rs.	3.96	4.28
2) Captive Generation			
D.G.Sets (KWH)	Units	6,13,59,637	6,16,63,236
Total Amount (Fuel, Mobil Oil & Additives)	Rs. Lakhs	3,306	2,864
Rate Per Unit	Rs.	5.39	4.65
3) HSD Consumption	Ltrs.	15,66,360	9,96,203
Total Amount	Rs. Lakhs	525	305
Rate Per Litre	Rs.	33.49	30.57
4) LDO Consumption	Ltrs.	–	4,42,013
Total Amount	Rs. Lakhs	–	133
Rate Per Litre	Rs.	–	30.19
5) HFO Consumption	Ltrs.	6,66,60,119	2,28,33,384
Total Amount	Rs. Lakhs	14,351	4,011
Rate Per Litre	Rs.	21.53	17.57
6) SKO Consumption (Kerosene Oil)	Ltrs.	28,400	24,700
Total Amount	Rs. Lakhs	8	8
Rate Per Litre	Rs.	28.83	31.42
7) LSHS Consumption	Kgs.	1,60,12,798	3,16,41,917
Total Amount	Rs. Lakhs	3,192	5,331
Rate Per Kg.	Rs.	19.93	16.85

The following energy conservation measures were taken which contributed towards saving and optimizing energy consumption :

AIS Auto Glass

a) Installation of high efficiency motors.

b) Installation of ES-25 energy saver for lighting.

c) Installation of air regulator for optimizing use of compressed air.

d) Utilization of recovered heat from HFO generator in the dehumidifier of shaper machine.

e) Cooling blower duct interconnection and Quench blower speed optimization in DBO furnace.

AIS Float Glass

a) Reduction in compressed air consumption by process modifications & wastage elimination.

b) Installation of downstream cooler for compressed air system.

c) Installation of CFL lamps in warehouse.

d) Optimisation of electrical requirements for manufacturing process.

e) Installation of VFD for bottom cooling fan.

Consumption Per Unit of Production

AIS Auto Glass

Energy consumption per square meter production of auto glass worked out to 16.33 KWH (16.80).

AIS Float Glass

Energy consumption per converted square meter production of float glass was as under :

a) Electricity consumption (KWH) 0.62 (0.58)

b) Furnace oil consumption (Ltr.) 0.80 (0.009)

c) LSHS consumption (Kg.) 0.24 (0.99)

Form – B

Technology Absorption, Adaptation and Innovation

AIS Auto Glass

a) Installation of new shaper machine having enhanced capacity & capability.

b) Installation of ceramic printing machine to cater to the requirement of printed panels.

c) Installation of horizontal tempering furnace thereby increasing the tempered glass capacity and capability.

d) Installation of heat soak testing equipment for testing tempered glass.

e) Added auto sealing machine to the existing insulated glass line thereby improving the quality, reducing manpower and increase output.

AIS Float Glass

During the year 2007-08, the Company absorbed the technology related to the manufacture of the following products :

a) Mirror

b) Auto quality green glass

c) Hard coated heat reflective glass

Form - C

Research and Development

AIS Auto Glass

During 2007-08, in addition to focusing on increased process efficiencies and reducing waste thereby improving quality and manpower, the following activities / machines were undertaken / developed –

a) VQ robotic machine for automatic grinding.

b) High speed laminated CNC machine.

c) Tempered CNC machines for NRF.

d) Inspection module for ISRA system.

e) Printing & cutting machines for bus glasses.

f) Mark printing machine for NRF.

g) Unloading system for NRF.

Form – D

Foreign Exchange Earnings and Outgo

Foreign exchange outflow on account of import of capital goods, raw materials and stores & spare parts amounted to Rs. 24,039 lakhs (Rs. 34,822 lakhs). Other expenditure in foreign currency amounted to Rs. 9,520 lakhs (Rs. 5,916 lakhs) Remittances in foreign currency on account of dividends (net of taxes) amounted to Rs. 0.06 lakhs (Rs. 528.06 lakhs). Earnings in foreign exchange amounted to Rs. 7,054 lakhs (Rs. 3,916 lakhs).

(Figures in brackets pertain to previous year)

Report on Corporate Governance

Company's philosophy on Corporate Governance

AIS's philosophy on corporate governance envisages achieving the highest standards of accountability, transparency and equity in all its spheres and in all its dealings with its stakeholders. AIS is committed to establish and diligently follow the highest standards of corporate governance practices in its pursuit of profitable growth and enhancement of shareholder value. The Company's corporate governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making. AIS views corporate governance in its widest sense, a trusteeship and a value imbibed and ingrained into its corporate culture.

AIS continues to follow procedures and practices in conformity with the Code of Corporate Governance as stipulated by SEBI.

This chapter, along with the chapters on Management Discussion and Analysis, reports AIS's compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

AIS believes that an active, independent and participative Board is a pre-requisite to achieve and maintain the highest level of corporate governance. At AIS, the Board approves and reviews strategy and oversees the actions and results of management.

The management team of the Company is headed by the Managing Director & C.E.O. and three Executive (Whole-time) Directors.

Composition of the Board

The Board comprises of a total of eleven Directors, out of which seven Directors are Non-Executive Directors. The Company has a Non-Executive Chairman and more than one third of the total strength of the Board comprises of Independent Directors.

Board Procedures

Detailed agenda with explanatory notes and all other related information is circulated to the members of the Board in advance of each meeting. The meetings of the Board are usually held at AIS's Corporate Office. Detailed presentations are made to the Board covering all major functions and activities. The requisite strategic and material information is made available to the Board to ensure transparent decision making process by the Board.

Number of Board meetings

During the financial year 2007-08, the Board of Directors of the Company met four times on 28th May, 2007, 25th July, 2007, 26th October, 2007 and 22nd January, 2008. The maximum time gap between any two Board Meetings during the year was less than four months.

Information relating to Directors

The details relating to the composition and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, the number of directorships, committee memberships and chairmanships held by them in other public limited companies as on 31st March, 2008 are given below:

Name of the Directors	Category	Attendance Particulars			Outside Directorships, Committee Memberships and Chairmanships		
		Number of Board Meetings		Last AGM	Director-ships(1)	Committee Member-ships(2)	Committee Chairman-ships(2)
		Held	Attended				
Mr. B. M. Labroo (Chairman)	Promoter Non - Executive	4	4	Yes	4	1	-
Mr. S. Labroo (Managing Director & C.E.O)	Promoter Executive	4	4	Yes	10	2	-
Mr. K. Kojima (Technical Director)	Promoter Executive	4	4	Yes	1	-	-
Mr. M. Kamiya	Promoter Non-Executive	4	2	No	1	-	-
Dr. S. Kapur	Independent	4	1	Yes	11	4	3
Mr. J. Khattar(3)	Promoter Non-Executive	4	2	No	N.A.	N.A.	N.A.
Mr. S. Nakanishi(4)	Promoter Non-Executive	4	1	N.A.	5	3	-
Mr. R. Rana	Independent	4	2	Yes	-	-	-
Mr. G. Thapar	Independent	4	4	Yes	13	5	2
Mr. K. Yoshimura(5)	Independent	4	2	No	1	-	-
Mr. P. L. Safaya Director & C.O.O. (Float)	Executive	4	2	No	2	-	-
Mr. A. Singh Director & C.O.O. (Auto)	Executive	4	4	Yes	3	-	-

(1) The Directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

(2) In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all public limited companies have been considered.

(3) Resigned w.e.f. 18th December, 2007.

(4) Appointed w.e.f. 2nd January, 2008 in place of Mr. J. Khattar.

(5) Mr. K. Yoshimura resigned w.e.f. 6th May, 2008. In his place, Mr. K. Nakagaki has been appointed as an Additional Director in the capacity of Independent Director w.e.f. 6th May, 2008.

No Director is a member of more than 10 Board-level Committees of public companies, nor is a Chairman of more than five such Committees.

The Independence of a Director is determined by the criteria stipulated under the revised Clause 49 of the Listing Agreement as set out below :

An independent Director is a Non-Executive Director who :

a) apart from receiving Director's Remuneration does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;

b) is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;

c) has not been an executive of the company in the immediately preceding three financial years;

d) is not a partner or an executive or was not a partner or an executive during the preceding three years of the :

   i) statutory audit firm or the internal audit firm that is associated with the company;

   ii) legal firm(s) and consulting firm(s) that have a material association with the company;

e) is not a material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the Director;

f) is not a substantial shareholder of the company i.e. do not own two percent or more of the block of voting shares; and

g) is not less than 21 years of age.

Information provided to the Board

The information being provided to the Board includes :

- Annual operating plans and budgets and any update thereof;
- Capital budgets and any updates thereof;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Appointment of Company Secretary or Chief Financial Officer;
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Status of business risk exposures, its management and related action plans;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.;
- Sale of material nature of investments, subsidiaries and assets which is not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

Shares held by Non-Executive Directors

Mr. B. M. Labroo, Dr. S. Kapur, Mr. R. Rana and Mr. G. Thapar held 1,37,83,920 equity shares, 19,940 equity shares, 10,000 equity shares and 56,000 equity shares, respectively as on 31st March, 2008. No other Non-Executive Director held any equity share as on that date.

Code of Conduct

AIS's Board has adopted a Code of Conduct for members of the Board and Senior Management. The Code lays down, in detail, the standards of conducting business, its ethics and corporate governance.

A copy of the Code has been posted on the Company's website www.asahiindia.com

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director & C.E.O. to this effect is given below:

I hereby confirm that :

The Company has obtained an affirmation from all the members of the Board and Senior Management that they have complied with the Code in the financial year 2007-08.

S. Labroo
Managing Director & C.E.O.

Committees of the Board

AIS has three Board Committees - Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievance Committee.

Details regarding the role and composition of the Board Committees, including the number of meetings held during the financial year 2007-08 and the attendance of the members are provided below.

Audit Committee

The Audit Committee comprises of two Non-Executive Directors and one Executive Director with majority of them being Independent Directors. All the members of the Committee have accounting and financial management expertise.

The Audit Committee met four times during 2007-08 on 19th May, 2007 (adjourned to 22nd May, 2007), 25th July, 2007, 25th October, 2007 and 22nd January, 2008. The time gap between any two meetings was less than four months. The composition of the Audit Committee and the attendance of its members are detailed below :

Name of Members	Category	Status	Number of meetings	
			Held	Attended
Dr. S. Kapur	Independent	Chairman	4	4
Mr. J. Khattar(1)	Promoter, Non-Executive	Member	4	2
Mr. A. Singh(2)	Executive	Member	4	1
Mr. G. Thapar	Independent	Member	4	4

(1) Ceased to be a member w.e.f. 18th December, 2007

(2) Appointed as a member w.e.f. 18th December, 2007 in place of Mr. J. Khattar

The Chief Financial Officer, Corporate Head - Audit, Statutory Auditors and the Internal Auditors are permanent invitees to the Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The functions of the Audit Committee include the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements before submission thereof to the Board for approval, with particular reference to :
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft auditors' report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, performance of Statutory & Internal Auditors and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department; staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with Internal Auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- Reviewing the Management letters /letters of internal control weakness issued by the Statutory Auditors;
- Reviewing the Management Discussion and Analysis of financial condition and results of operations;
- Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary company; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee has been constituted to review and recommend to the Board, the remuneration packages of the Managing Director & C.E.O. and other Executive Directors. Such recommendations are made considering the overall performance of the Executive Directors and annual financial results of the Company.

The Remuneration Committee comprises of three Non-Executive Directors and one Executive Director.

The Committee met two times during 2007-08 on 22nd May, 2007 and 22nd January, 2008. The composition of the Remuneration Committee and the attendance of its members are detailed below:

Name of Members	Category	Status	Number of meetings	
			Held	Attended
Mr. G. Thapar	Independent	Chairman	2	2
Dr. S. Kapur	Independent	Member	2	2
Mr. K. Kojima	Promoter, Executive	Member	2	2
Mr. B. M. Labroo	Promoter, Non-Executive	Member	2	2

During 2007-08, the Company did not issue any stock options to its Directors and employees.

Remuneration to Directors

Managing Director & C.E.O. and other Executive Directors are paid remuneration by way of salary, benefits, perquisites & allowances (fixed component) and commission (variable component) on the net profits of the Company. The annual increments are as per the salary scale approved by the Members and are effective April 1, each year.

The commission payable to the Managing Director & C.E.O. and other Executive Directors has been brought under the Performance Appraisal System w.e.f. the financial year 2005-06. Accordingly, the actual amount of commission payable for a particular financial year is decided by the Board, on the recommendation of the Remuneration Committee, within the limits sanctioned by the Shareholders, on the basis of performance rating assigned in terms of accomplishment of Key Accountabilities and Objectives.

Non-Executive Directors are paid sitting fees for attending the meetings of the Board and its Audit & Remuneration Committees and commission on the net profits of the Company as approved by the Board. In terms of the approval of the Ministry of

Corporate Affairs, Government of India, vide its letter dated 16th December, 2005 and the Shareholders of the Company, the Board is authorized to approve payment of such sum, not exceeding 0.30% of the net profits of the Company for any financial year as commission to the Non-Executive Directors.

The details of remuneration paid / payable to the Directors for the financial year 2007-08 are given below :

Name of Directors	Sitting Fees (Rs.)	Salary, allowances and perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. B. M. Labroo	1,20,000	NIL	64,073	1,84,073
Mr. S. Labroo	NIL	32,55,126	33,63,863	66,18,989
Mr. K. Kojima	NIL	24,30,747	NIL	24,30,747
Mr. M. Kamiya	40,000	NIL	64,073	1,04,073
Dr. S. Kapur	1,60,000(1)	NIL	64,073	2,24,073
Mr. J. Khattar(2)	80,000	NIL	48,055	1,28,055
Mr. S. Nakanishi(3)	20,000	NIL	16,018	36,018
Mr. R. Rana	40,000	NIL	64,073	1,04,073
Mr. G. Thapar	2,00,000	NIL	64,073	2,64,073
Mr. K. Yoshimura	40,000	NIL	64,073	1,04,073
Mr. P. L. Safaya	NIL	42,29,735	18,68,127	60,97,862
Mr. A. Singh	NIL	36,18,428	14,95,736	51,14,164

(1) Rs. 20,000 paid for the meeting attended on 20th January, 2007

(2) Resigned w.e.f. 18th December, 2007

(3) Appointed w.e.f. 2nd January, 2008 in place of Mr. J. Khattar

None of the Directors are related to each other, except Mr. S. Labroo who is related to Mr. B. M. Labroo.

Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee has been constituted to specifically look into the redressal of Shareholder and Investor complaints and other Shareholder related issues. The Committee approves transfer, transmission of shares and issues like split, sub-division, consolidation of securities, issue of duplicate share certificates, dematerialisation/ rematerialisation of shares etc.

The Shareholders' / Investors' Grievance Committee comprises of one Non-Executive Director and two Executive Directors. The Committee met fourteen times during 2007-08. The composition and attendance of the Shareholders'/ Investors' Grievance Committee is as under :

Name of Members	Category	Status	Number of meetings	
			Held	Attended
Mr. B. M. Labroo	Promoter, Non-Executive	Chairman	14	6
Mr. S. Labroo	Promoter, Executive	Member	14	13
Mr. A. Singh	Executive	Member	14	14

Compliance Officer

Ms. Meenu Juneja, Head - Legal & Company Secretary, is the Compliance Officer of the Company.

Shareholders' Queries / Complaints and redressal status

The details of Shareholders queries/complaints received and resolved during the year under review are given below :

Particulars	Correspondences				Complaints	Total
	Transfer of shares	Change of address	Non-receipt of dividend/ share certificates	Others		
Received during the year	751	446	1,959	426	15	3,597
Attended during the year	751	446	1,959	426	15	3,597
Pending as on 31st March, 2008	–	–	–	–	–	–

Subsidiary Companies

Clause 49 of the Listing Agreement defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

AIS does not have any material non-listed Indian subsidiary company.

Management

Management Discussion and Analysis

A separate chapter on Management Discussion and Analysis is given in this Annual Report.

Disclosures

Disclosures of related party transactions

There have been no significant material related party transactions. The related party transactions are disclosed in the Notes to the Accounts in this Annual Report. All details relating to business transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussions nor do they vote on such matters.

Details of non-compliance by the Company

During the last three years there has been no instance of non compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

Code for prevention of Insider Trading Practices

In compliance of the provisions of SEBI (Prevention of Insider Trading) Regulations, 2002, the Company has formulated a "Code of internal procedure & conduct for prevention of insider trading". The Code lays down the guidelines and advises the designated employees and Directors on procedures to be followed and disclosures to be made, while dealing in the shares of the Company.

CEO/CFO Certification

Managing Director & C.E.O. and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shareholders

Disclosure regarding appointment / re-appointment of Directors

During the financial year 2007-08, Mr. Shinzo Nakanishi was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 2nd January, 2008 and Mr. P. L. Safaya was re-appointed as Whole-time Director of the Company for a further term of 5 years w.e.f. 5th March, 2008. Brief particulars of Mr. Shinzo Nakanishi and Mr. P. L. Safaya are as under :

Mr. Shinzo Nakanishi, aged 60 years, is a law graduate from Doshisha University and is currently the Managing Director & C.E.O. of Maruti Suzuki India Ltd (MSIL). He has been associated with Suzuki Motor Co. Ltd., since 1971 and has held various senior positions. Prior to his appointment as Managing Director & C.E.O. of MSIL, Mr. Nakanishi was the Chairman of MSIL since May, 2002.

Mr. Nakanishi is on the Board of various companies, which include Suzuki Motor Corporation, Suzuki Powertrain India Ltd., Pak Suzuki Motor Company Ltd. and other reputed companies in India and abroad.

Mr P. L. Safaya, aged 61 years is B.Tech. in Metallurgy from Ranchi University. Mr. Safaya is currently the Director & C.O.O. of AIS Float Glass. Mr. Safaya joined AIS in November, 1985 and held various positions. He is also a Director on the Board of AIS Adhesives Ltd. and AIS Glass Solutions Ltd.

In terms of the provisions of Section 256, read with Section 255 of the Companies Act, 1956 and Article 70 of the Articles of Association of the Company, Mr. Masayuki Kamiya and Mr. Rahul Rana will retire at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment. Brief particulars of Mr. Masayuki Kamiya and Mr. Rahul Rana are as under:

Mr. Masayuki Kamiya, aged 58 years, graduated from Hitotsubashi University, Japan in 1974. He also completed the Advanced Management Program from Harvard Business School in 2000. He joined AGC in 1974 and held various senior positions and is currently the President and Member of the Board of AGC Flat Glass, Europe. Mr. Kamiya has been on the Board of AIS as a nominee of AGC since 2006.

Mr. Rahul Rana, aged 45 years, holds an M.B.A. degree from the University of Illinois at Urbana Champaign, USA and a B.S. in Finance from S.R.C.C., University of Delhi. He is the Chief Executive Officer of Fuller Capital Management. Previously, Mr. Rana has also been the President of BSG Markets (BroadStreet Group) where he was responsible for the structured finance and asset securitization businesses. Over a span of 10 years, Mr. Rana was the co-head of the structured products group at UBS Warburg Dillon Read and Kidder Peabody. He started his career at Salomon Brothers where he was instrumental in starting the Global Asset Swap business.

Means of Communication with Shareholders

Financial Results

The financial results of AIS are communicated to all the Stock Exchanges where the Company's equity shares are listed. The results are also published in 'Business Standard' & 'The Hindu Business Line' in English and 'Veer Arjun' in the vernacular language.

The details of the publications of the financial results in the year under review are as under :

Description	Date
Unaudited financial results for the first quarter ended 30th June, 2007	26th July, 2007
Unaudited financial results for the second quarter and the half year ended 30th September, 2007	27th October, 2007
Unaudited financial results for the third quarter and the nine months ended 31st December, 2007	23rd January, 2008
Audited financial results for the fourth quarter and the year ended 31st March, 2008	7th May, 2008

Company's Website

The website of the Company, www.asahiindia.com is regularly updated with the financial results, corporate information, official news releases, presentation to analysts and press releases.

Electronic Data Information Filing & Retrieval (EDIFAR)

All information, statements and reports, in such manner and format as required under Clause 51 of the Listing Agreement, are posted on the EDIFAR website, www.sebiedifar.nic.in, within such time as specified by SEBI.

General Body Meetings

The details of the last three Annual General Meetings are as follows :

Financial Year	Day and Date	Time	Location of the meeting	Special Resolution(s) passed
2006-07	Wednesday, 25th July, 2007	3:30 p.m.	Air Force Auditorium, Subroto Park, New Delhi	No
2005-06	Friday, 28th July, 2006	3.00 p.m.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi	No
2004-05	Tuesday, 26th July, 2005	4.00 p.m.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi	Yes

Postal Ballot

During the year under review, no resolution was passed through Postal Ballot.

Compliance

Mandatory Requirements

As on 31st March, 2008 the Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement.

Non-Mandatory Requirements

Maintenance of the Chairman's office

The Company has a Non-Executive Chairman and is maintaining the Chairman's office.

Remuneration Committee

All the requirements relating to Remuneration Committee have been complied with and the details are provided in this Annual Report.

Shareholders' Rights / Information

Information like financial results, official news releases, press releases, presentation to analysts, etc. are displayed on the Company's website www.asahiindia.com

Auditors' Certificate on Corporate Governance

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49 of the Listing Agreement. The certificate is annexed to this Annual Report.

General Shareholder Information

Annual General Meeting

Date	:	30th July, 2008
Time	:	3.00 p.m.
Venue	:	Air Force Auditorium, Subroto Park, New Delhi - 110 010

Financial Calendar

Financial year	:	1st April to 31st March

For the year ended 31st March 2008, results were announced on:

First quarter	:	25th July, 2007
Second quarter	:	26th October, 2007
Third quarter	:	22nd January, 2008
Fourth quarter and annual	:	6th May, 2008

For the year ending 31st March 2009, results will be announced by:

First quarter	:	End July, 2008
Second quarter	:	End October, 2008
Third quarter	:	End January, 2009
Fourth quarter and annual	:	End April, 2009/ May, 2009

Book Closure

The dates of book closure : 26th July, 2008 to 30th July, 2008 (both days inclusive)

Dividend

: No dividend has been recommended for the financial year 2007-08

Listing

: Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE)

Stock Codes

ISIN No.	:	INE439A01020
BSE Stock Code	:	515030
NSE Stock Code	:	ASAHIINDIA

Listing Fees

: The listing fee for the financial year 2008-09 has been paid to BSE and NSE.

Shareholders' Issues

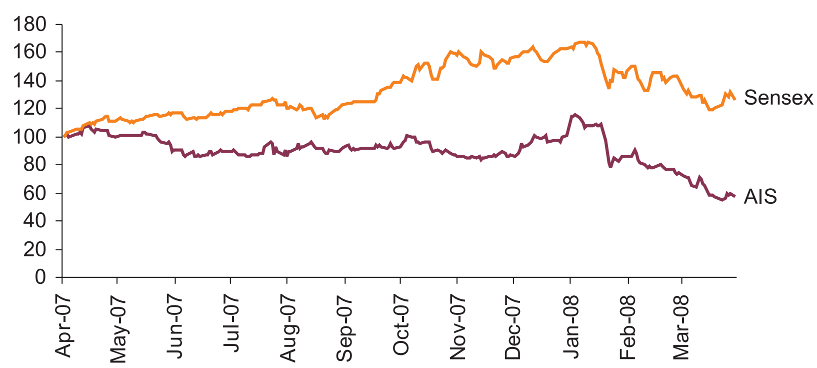
: The Shareholders may send their queries to the e-mail address - investorrelations@aisglass.com, proactively managed by the Company, under the Investor Relations section of the website of the Company.

Analysts

: Analysts may schedule their conference calls and meetings with Mr. Shailesh Agarwal, Chief Financial Officer and Ms. Meenu Juneja, Head - Legal & Company Secretary through the e-mail address, analyst@aisglass.com, under the Investor Relations section of the website of the Company.

Stock Market Data

AIS's Share Performance versus BSE Sensex



Note: AIS share price and BSE Sensex are indexed to 100 as on 1st April, 2007

Monthly high and low share price of AIS for 2007-08 at BSE and NSE

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-07	126.80	115.00	126.50	114.50
May-07	122.50	103.10	123.00	103.45
Jun-07	109.00	99.20	108.40	99.50
Jul-07	113.35	98.25	113.60	99.10
Aug-07	113.00	99.00	113.85	100.00
Sep-07	115.40	104.50	113.00	104.10
Oct-07	121.00	100.00	123.00	100.10
Nov-07	106.50	96.00	107.00	96.00
Dec-07	120.00	99.55	119.65	99.50
Jan-08	137.40	87.10	145.00	89.25
Feb-08	105.85	84.50	106.00	83.05
Mar-08	86.90	60.10	86.85	62.00

Source: www.bseindia.com, www.nseindia.com

Distribution of Shareholding as on 31st March, 2008

Categories (No. of Shares)	Total no. of Shareholders	Percentage	Total no. of shares held	Percentage
1 - 500	55,649	94.14	51,26,719	3.20
501 - 1,000	1,258	2.13	10,04,858	0.63
1,001 - 2,000	598	1.01	9,50,242	0.59
2,001 - 3,000	235	0.40	6,21,705	0.39
3,001 - 4,000	271	0.46	10,32,195	0.65
4,001 - 5,000	119	0.20	5,60,125	0.35
5,001 - 10,000	565	0.96	43,50,857	2.72
10,001 and above	415	0.70	14,62,80,885	91.47
Total	**59,110**	**100**	**15,99,27,586**	**100**

Shareholding pattern as on 31st March, 2008

	Category	Total No. of shares	Percentage
A.	Promoters' Holding		
1)	Promoters		
	Indian Promoters	4,79,31,508	29.97
	Foreign Promoters	4,04,18,000	25.27
2)	Persons Acting in Concert	–	–
	Total	**8,83,49,508**	**55.24**
B.	Non-Promoters' Holding		
3)	Institutional Investors		
a)	Mutual Funds and UTI	96,39,900	6.03
b)	Banks, Financial Institutions, Insurance Companies	3,50,296	0.22
c)	FIIs	8,723,567	5.45
	Total	**1,87,13,763**	**11.70**
4)	Others		
a)	Private Corporate Bodies	1,79,71,838	11.24
b)	Indian Public	3,12,76,209	19.56
c)	NRIs / OCBs	32,65,588	2.04
d)	Directors & Relatives (not in control of the Company)	3,44,406	0.22
e)	Trusts	6,274	–
	Total	**5,28,64,315**	**33.06**
	Grand Total	**15,99,27,586**	**100**

Dematerialisation of Shares

The equity shares of the Company are in the compulsory demat segment. As on 31st March, 2008, 9,44,69,446 equity shares, constituting about 59% of equity capital of the Company, were held in dematerialised form.

Outstanding GDRs / ADRs / Warrants / Options

The Company has not issued any GDRs or ADRs or Warrants or Convertible instruments.

Registrar and Share Transfer Agent

The Company, in compliance with SEBI guidelines, has appointed a common Share Transfer Agent for both the physical and electronic form of Shareholding. The Company's Registrar and Share Transfer Agent (RTA) namely, Intime Spectrum Registry Ltd. can be contacted at the following addresses:

Intime Spectrum Registry Ltd. (Mumbai)
C - 13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Tel : 91-22-2594 6970
Fax : 91-22-2594 6969

Intime Spectrum Registry Ltd. (Delhi)
A - 31, 3rd Floor,
Naraina Indl. Area, Phase - I,
New Delhi - 110 028
Tel : 91-11-41410592-94
Fax : 91-11-41410591

Share transfer system

The Company's shares held in the dematerialised form are electronically traded in the Depository.

In the case of transfers in physical form which are lodged at the above offices of the Registrar and Share Transfer Agent, such transfers are processed within the stipulated time period. All share transfers are approved by the officials authorised by the Board and thereafter ratified by the Shareholders' / Investors' Grievance Committee at its next meeting.

Communication

Communication regarding share transfer, change of address, dividend, etc. can be addressed to the RTA at the addresses given above. Shareholders' correspondence / communication is acknowledged and attended to within the stipulated time, as applicable.

Plant Locations

The details of the Plant locations are given in a separate section in this Annual Report.

Auditors' Certificate on Corporate Governance

To the Members of
Asahi India Glass Limited,

We have examined the compliance of conditions of corporate governance by Asahi India Glass Ltd. for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders' / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jagdish Sapra & Co.
Chartered Accountants

Place : New Delhi
Dated : 6th May, 2008

Jagdish Sapra
Parttner

Auditors' Report

To the Members,

ASAHI INDIA GLASS LIMITED

1. We have audited the attached Balance Sheet of Asahi India Glass Limited as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon, and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

      ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      iii. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **Jagdish Sapra & Co.**
Chartered Accountants

Jagdish Sapra
Partner
M. No. 9194

Place : New Delhi
Dated : 6th May, 2008

Annexure to the Auditors' Report

(Referred to in paragraph 3 of Auditors' Report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) Verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   c) The assets disposed off during the year are not significant and therefore do not affect the going concern status of the Company.

2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records of inventory and the discrepancies noticed on such verification between physical stocks and book records were not material.

3. a) There are no companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 to which the Company has granted any loans, secured or unsecured, as per information and explanations given to us and register under Section 301 of the Companies Act, 1956 produced before us. Consequently paras 4(iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the Company.

   b) The Company has not taken any loan secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 as per information and explanations given to us and register under Section 301 of the Companies Act, 1956, produced before us. Consequently paras 4(iii) (e), (iii) (f) and (iii) (g) of the Order are not applicable to Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. There is no sale of services during the year. During the course of our audit, we have not come across any continuing failure to correct major weaknesses in internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

6. As the Company has not accepted any deposits from the public, paragraph 4(vi) of the Order is not applicable.

7. In our opinion the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company for manufacture of Automotive Glass pursuant to the Rules made by the Central Government for maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

9. a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and other material statutory dues with the appropriate authorities during the year. We are informed that there are no undisputed statutory dues as at the year end, outstanding for a period of more than six months from the date they become payable.

   b) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practices in India there are no dues of Sales Tax, Wealth Tax, Service Tax, Income tax and Cess which have not been deposited on account of any dispute. The particulars of dues of Excise Duty, Income Tax, Custom Duty and Gram Panchayat Tax as at 31st March, 2008 which have not been deposited on account of dispute are as follows :

Nature of the Statute	Nature of dues	Amount (Rs. Lakhs)	Forum where the dispute is pending
The Central Excise Act	Excise Duty	312	Supreme Court of India
The Central Excise Act	Excise Duty	665	Joint/Assistant Commissioner Central Excise
The Custom Act, 1962	Custom Duty	1606	Deputy Commissioner of Customs
Income Tax Act	Income Tax	17	Commissioner of Income Tax (Appeals)
Gram Panchayat Act	Gram Panchayat Tax	13	Civil Judge

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.

11. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings by way of debentures or from any financial institutions as defined in para 22 of the Order.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or nidhi/mutual benefit fund/society and hence paragraph 4 (xiii) of the Order is not applicable to the Company.

14. As the Company is not dealing in or trading in shares, securities, debentures and other investments hence paragraph 4(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks are not prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the

Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

18. According to the information and explanations given to us no preferential allotment of shares has been made by the Company to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by way of public issue during the year.

21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.

For **Jagdish Sapra & Co.**
Chartered Accountants

Jagdish Sapra
Partner
M. No. 9194

Place : New Delhi
Dated : 6th May, 2008

Balance Sheet

Rs. Lakhs

	Schedule	As at 31st March, 2008		As at 31st March, 2007	
SOURCES OF FUNDS					
1. **Shareholders' Funds**					
a) Share Capital	1	1599		2199	
b) Reserves and Surplus	2	27846	29445	26512	28711
2. **Loan Funds**					
a) Secured Loans	3	107262		94556	
b) Unsecured Loans	4	31881	139143	29418	123974
3. **Deferred Tax Liability (Schedule 14, Note 14)**			2844		2389
Total			171432		155074
APPLICATION OF FUNDS					
1. **Fixed Assets**	5				
a) Gross Block		184405		159738	
b) Less : Depreciation and Amortisation		59712		49745	
c) Net Block		124693		109993	
d) Capital Work-in-progress (Schedule 14, Note 17)		4735		20218	
e) Impaired Assets held for disposal		109	129537	97	130308
2. **Investments**	6		592		592
3. **Current Assets, Loans and Advances**					
Current Assets	7				
a) Inventories		36313		24145	
b) Sundry Debtors		10796		7036	
c) Cash and Bank Balances etc.		1639		2401	
d) Other Current Assets		1421		1239	
Loans and Advances	8	11457		11999	
		61626		46820	
Less: Current Liabilities and Provisions	9				
a) Liabilities		19995		22319	
b) Provisions		328		327	
		20323		22646	
Net Current Assets			41303		24174
Total			171432		155074
Notes to the Accounts	14				

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Profit and Loss Account

Rs. Lakhs

	Schedule		Year Ended 31st March, 2008		Year Ended 31st March, 2007
INCOME					
Turnover and Inter Division Transfers		117419		89708	
Less : Inter Division Transfers		6037		1878	
Turnover		111382		87830	
Less : Excise Duty		12029		11646	
Net Turnover			99353		76184
Other Income	10		6006		2263
			105359		78447
EXPENDITURE					
Materials and Manufacturing	11		59547		43574
Personnel	12		7685		5563
Selling, Administration and Others	13		26141		16369
Deferred Revenue Expenditure Written Off			–		12
			93373		65518
Profit Before Depreciation and Tax			11986		12929
Less : Depreciation and Amortisation			10050		6527
(Add)/Less : Impairment Loss/(reversal)			(17)		6
(Add)/Less : Prior Period Adjustments (Net)			(5)		72
Profit Before Tax			1958		6324
Less : Provision for Taxation					
Current Tax			213		480
Deferred Tax			455		1997
Fringe Benefit Tax			130		87
Add : MAT Credit Entitlement			207		474
Profit After Tax			1367		4234
Less : Taxation Adjustment of earlier years			33		26
Add : Balance Brought Forward			9536		6935
Profit Available for Appropriation			10870		11143
APPROPRIATIONS					
Interim Dividend on Equity Shares			–		1040
Dividend on Preference Shares*			–		–
Corporate Dividend Tax			–		146
Capital Redemption Reserve (on redemption of Preference Shares)			600		–
General Reserve			–		421
Balance Carried to Balance Sheet			10270		9536
			10870		11143
* Rounded off to Nil.					
Earnings Per Share - Basic and Diluted (Rs.)					
(Schedule 14, Note 20)			0.83		2.63
Notes to the Accounts	14				

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director & Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal & Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Schedules to the Accounts

Rs. Lakhs

		As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 1 : SHARE CAPITAL			
Authorised			
500000000	Equity Shares of Re. 1 each	**5000**	5000
600000	Preference Shares of Rs. 100 each	**600**	600
9000000	Preference Shares of Rs. 10 each	**900**	900
		6500	6500
Issued, Subscribed and Paid Up			
159927586	Equity Shares of Re. 1 each fully paid *	**1599**	1599
0(600000)	0.01 % Non-Cumulative Redeemable Preference Shares of Rs. 100 each fully paid **	–	600
		1599	2199

Notes :

* Of the above 135463793 Shares are allotted as fully paid bonus shares by capitalisation of General Reserve.

** Redeemed during the year.

	2008	2008	2007	2007
SCHEDULE 2 : RESERVES AND SURPLUS				
Amalgamation Reserve				
As per last Balance Sheet		**637**		637
Capital Reserve				
As per last Balance Sheet				
Central Investment Subsidy	**15**		15	
D. G. Set Subsidy	**7**		7	
Capital profit on reissue of forfeited shares	**1**	**23**	1	23
Capital Redemption Reserve				
As per last Balance Sheet	**795**		795	
Add : Transferred from Profit and Loss Account	**600**	**1395**	–	795
General Reserve				
As per last Balance Sheet	**15521**		15100	
Add : Transferred from Profit and Loss Account	–	**15521**	421	15521
Surplus in Profit and Loss Account		**10270**		9536
		27846		26512

Rs. Lakhs

	As at 31st March, 2008		As at 31st March, 2007	

SCHEDULE 3 : SECURED LOANS

Banks				
Working Capital	37545		30447	
Foreign Currency Term Loans	58250		33947	
Rupee Term Loan	10003	105798	–	64394
Others				
Foreign Currency Term Loan	–		28262	
Loan from Distt. Industries Centre,				
Government of Haryana (Interest Free)	1464	1464	1900	30162
		107262		94556

Notes :

1. Working Capital Loans are secured by way of first charge on the current assets of the Company, both present and future.
2. Foreign Currency Term Loans from banks are secured by way of pari-passu charge on specified movable and immovable assets (Installed/yet to be installed) of the Company subject to prior charge created to secure working capital loans.
3. Rupee Term Loan is secured by pari-passu charge on fixed assets of plant at Rewari and also equitable mortgage of landed property at Rewari.
4. Foreign Currency Term Loan from Others is secured by way of pari-passu charge on movable and immovable assets of Float SBU plant at Roorkee.
5. Loan from Distt. Industries Centre is secured by way of first charge by way of mortgage over immovable and movable assets of plant at Rewari.

SCHEDULE 4 : UNSECURED LOANS

Short Term Loans From Banks	12727	8665
Foreign Currency Loan (Interest Free)	19154	20753
	31881	29418

SCHEDULE 5 : FIXED ASSETS

Description	Gross Block				Depreciation/Amortisaion				Net Block	
	As At 1st April, 2007	Additions	Deductions	As At 31st March, 2008	As At 1st April, 2007	For the Year	Adjustments	As At 31st March, 2008	As At 31st March, 2008	As At 31st March, 2007
Tangible Assets										
Freehold Land	1932	28	146	1814	–	–	–	–	1814	1932
Leasehold Land	1474	–	–	1474	177	15	–	192	1282	1297
Buildings	28130	4513	–	32643	2910	833	–	3743	28900	25220
Plant and Machinery	108411	17810	109	126112	39022	7827	19	46830	79282	69389
Electrical Installations and Fittings	13229	1413	44	14598	4210	724	29	4905	9693	9019
Furniture and Fixtures	732	293	5	1020	333	71	1	403	617	399
Miscellaneous Assets	2660	321	10	2971	1205	225	6	1424	1547	1455
Vehicles	891	221	132	980	250	93	45	298	682	641
	157459	24599	446	181612	48107	9788	100	57795	123817	109352
Intangible Assets										
Computer Software	1129	490	–	1619	506	272	–	778	841	623
Licence Fee	1115	–	–	1115	1115	–	–	1115	–	–
E Mark Charges	35	24	–	59	17	7	–	24	35	18
	2279	514	–	2793	1638	279	–	1917	876	641
Total	159738	25113	446	184405	49745	10067	100	59712	124693	109993
Previous year	91896	68499	657	159738	43264	6564	83	49745	109993	
Capital Work in Progress (Including Capital Advances)									4735	20218
Impaired Assets Held for Disposal									109	97

Notes :

a) Buildings include Rs. 115 Lakhs (Previous year Rs. 115 Lakhs) being cost of ownership flats and also include 30 shares (Previous year 30 shares) of face value of Rs. 50 each received/to be received under the bye laws of the Co-operative Societies.

b) Electrical Installations and Fittings include Rs. 34 Lakhs (Previous year Rs. 34 Lakhs) paid to State Electricity Board not represented by physical assets owned by the Company.

Rs. Lakhs

	As at 31st March, 2008		As at 31st March, 2007	
SCHEDULE 6 : INVESTMENTS	QUOTED	UNQUOTED	QUOTED	UNQUOTED
Long Term - Non Trade				
In Government Securities				
National Saving Certificates * **	–	–	–	–
In 5 Shares of Taloja CETP Co-operative Society Limited**	–	–	–	–
In Equity Share-Fully Paid UP				
Jamna Auto Industries Limited (Jai Parabolic Springs Limited)				
82500 (165000) equity shares of Rs. 10 each	36	–	36	–
Trade				
AIS Adhesives Limited				
349965 equity shares of Rs. 10 each	–	35	–	35
Asahi India Map Auto Glass Limited				
100000 equity shares of Rs. 10 each	–	192	–	192
Vincotte International India Assessment Services Pvt. Ltd.				
33000 equity shares of Rs. 100 each	–	33	–	33
Subsidiary Company				
AIS Glass Solutions Limited				
2960000 equity shares of Rs. 10 each	–	296	–	296
	36	556	36	556
Total		592		592

Aggregate value of quoted investments - Market value Rs. 51 Lakhs (Previous year Rs. 59 Lakhs).

* Pledged with Sales Tax Authorities.

** Rounded off to Nil.

Rs. Lakhs

			As at 31st March, 2008			As at 31st March, 2007
SCHEDULE 7 : CURRENT ASSETS						
Inventories* (As taken, valued and certified by Management)						
i) Stores and Spare parts			5111			4690
ii) Raw Materials			8408			6234
iii) Finished and Traded Goods			21383			12281
iv) Waste			49			32
v) Work in Process			1362			908
			36313			24145
* Include in Transit Rs. 1271 Lakhs (Previous year Rs. 1059 Lakhs).						
Sundry Debtors (Considered good except where provided for)						
Secured						
Over Six Months		7			10	
Others		274	281		367	377
Unsecured						
Over Six Months		997			334	
Others		9591	10588		6395	6729
			10869			7106
Considered Good	10796			7036		
Considered Doubtful	73			70		
Less : Provision for Doubtful debts			73			70
			10796			7036
Cash and Bank Balances etc.						
Cash in Hand (As certified)			31			23
Cheques in Hand/Remittances in Transit			925			1128
Balance with Post Office in Saving Account **			–			–
Balances with Scheduled Banks						
Current/Cash Credit Accounts			515			426
Deposit Account			2			1
Dividend Warrant Accounts			166			823
			1639			2401
Other Current Assets						
(Unsecured and considered good)						
Interest Accrued on Investments **			–			–
Deposits with Government and others			1421			1239
			1421			1239
** Rounded off to Nil.						

Rs. Lakhs

	As at 31st March, 2008	As at 31st March, 2007

SCHEDULE 8 : LOANS AND ADVANCES

(Unsecured and considered good)

Loans (Including interest accrued)	12	63
Advances		
Advances recoverable in cash or in kind		
or for value to be received and/or adjusted *	6617	6617
MAT Credit Recoverable	1407	1200
Advance Income Tax (Net of provision)	15	–
Balance with Excise Authorities	3406	4119
	11457	11999

* Including Rs. 1658 lakhs (Previous year Nil) due from a Subsidiary Company.

SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS

Current Liabilities		
Acceptances	188	95
Sundry Creditors		
Micro and Small Enterprises *	–	83
Others **	15619	16974
Advances from Customers	670	686
Unclaimed Dividend ***	166	823
Other Liabilities	2271	2449
Subsidiary Company	–	158
Interest accrued but not due on loans	1081	1051
	19995	22319
Provisions		
Proposed Dividend on Preference Shares ****	–	–
Dividend Tax ****	–	–
Current Tax (Net of taxes paid)	–	40
Fringe Benefit Tax (Net of taxes paid)	9	–
Employee Benefits **	319	287
	328	327

* Pursuant to amendments to Schedule VI to the Companies Act, 1956, the amounts due to Micro and Small Enterprises are to be given. The said details are not available as the Company is in the process of compiling relevant informations from its suppliers. The figures in respect of previous year are due to Small Scale Industrial Undertakings only.

** Include Rs. 78 Lakhs due to Managing and other Directors (Previous year Rs. 134 Lakhs).

*** There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

**** Rounded off to Nil.

Rs. Lakhs

		Year Ended 31st March, 2008		Year Ended 31st March, 2007
SCHEDULE 10 : OTHER INCOME				
Interest [Tax deducted at source Rs. 39 Lakhs (Previous year Rs. 4 Lakhs)]		180		23
Rent Received		2		2
Profit on Sale of Fixed Assets (Net) *		115		1186
Profit on Sale of Long Term Investments		–		60
Profit on Sale of Current Investments		–		1
Exchange Rate Fluctuations (Net)		5243		748
Liabilities and Provisions Written Back		102		124
Dividend on Long Term Investments - Non Trade (Gross)		7		8
Miscellaneous		357		111
		6006		2263

* Include profit on sale of land Rs.134 Lakhs (Previous year Rs. 1193 Lakhs).

SCHEDULE 11 : MATERIALS AND MANUFACTURING				
Raw Material Consumed				
Opening Stock	6234		6225	
Add : Purchases	33358		28076	
	39592		34301	
Less : Sales/Trial Run	121		922	
Closing Stock	8408	31063	6234	27145
Excise Duty		(116)		57
Purchases of Finished Goods		677		573
Manufacturing Expenses				
Power, Fuel, Water and Utilities		24034		14159
Stores and Spares etc. consumed		8756		4944
Miscellaneous Expenses		1568		881
Repairs and Maintenance				
Plant and Machinery	2785		2062	
Building	283	3068	264	2326
Less : Increase in Stocks				
Opening Stock				
Finished and Traded Goods	12304		5556	
Work in Process	955		601	
Waste	32		35	
	13291		6192	
Closing Stock				
Finished and Traded Goods	21383		11763	
Work in Process	1362		908	
Waste	49		32	
	22794	(9503)	12703	(6511)
		59547		43574

Rs. Lakhs

		Year Ended 31st March, 2008		Year Ended 31st March, 2007
SCHEDULE 12 : PERSONNEL				
Salaries, Wages, Allowances and Bonus		5781		4190
Recruitment and Training Expenses		118		85
Welfare Expenses		1287		963
Contribution to Provident and Other Funds		499		325
		7685		5563

		Year Ended 31st March, 2008		Year Ended 31st March, 2007
SCHEDULE 13 : SELLING, ADMINISTRATION AND OTHERS				
Advertisement		652		336
Packing and Forwarding		7919		6148
Commission Paid		665		613
Royalty		1895		746
Cash Discount		551		381
Interest				
On Fixed Loans	5613		986	
Others	2863	8476	2559	3545
Bank Charges		510		238
Travelling and Conveyance		998		651
Rent		353		308
Rates and Taxes		265		166
Insurance		580		380
Auditors Remuneration		25		22
Repairs and Maintenance - Others		166		188
Miscellaneous Expenses		3060		2558
Director's Sitting Fee		7		6
Bad and Doubtful Debts		15		75
Commission to Non Working Directors		4		8
		26141		16369

SCHEDULE 14 : NOTES TO THE ACCOUNTS

1. Statement of Significant Accounting Policies

a) Basis of preparation of Financial Statements

i) Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act, 1956.

ii) Financial Statements are based on historical cost and are prepared on accrual basis.

b) Revenue Recognition

Sale of products is recognised when the risks and rewards of ownership are passed on to the customers, which is on dispatch of goods. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of `Raw Materials Consumed'. Sales are stated net of VAT/sales tax and transit insurance claims short received. Interest and other income is accounted for on accrual basis. Dividend income is accounted when right to receive the same is established.

c) Fixed Assets

i) The 'Gross Block' of fixed assets is shown at the cost of acquisition, which includes taxes, duties (net of tax credits as applicable) and other identifiable direct expenses. Interest on borrowed funds attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

ii) Capital work in progress includes expenditure during construction period incurred on projects under implementation treated as Pre-operative expenses pending allocation to the assets. These expenses are apportioned to fixed assets on commencement of commercial production.

d) Depreciation/Amortisation

Tangible Assets

i) Depreciation on fixed assets is provided on Straight Line Method (SLM) at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956.

ii) Leasehold land is depreciated over the period of lease.

iii) Assets costing upto Rs. 5000/- each are depreciated fully in the year of purchase.

iv) Fixed assets not represented by physical assets owned by the Company are amortised over a period of five years.

Intangible Assets

Computer Software and E-mark charges are amortised over a period of five years proportionately when such assets are available for use.

e) Inventories

Inventories are valued at lower of cost or net realisable value except waste which is valued at estimated realisable value as certified by the Management. The basis of determining cost for various categories of inventories are as follows :

Stores, spare parts and raw material	Weighted average cost (except stores segregated for specific purposes and materials in transit valued at their specific costs).
Work in process and finished goods	Material cost plus proper share of production overheads and excise duty wherever applicable.
Traded Goods	First in First Out Method based on actual cost.

f) Employee Benefits

Contribution to Defined Contribution Schemes such as Provident Fund etc. are charged to the Profit and Loss Account as incurred. The Company has a scheme of Superannuation Fund in Float SBU towards retirement benefits where the Company has no liability other than its annual contribution.

The Gratuity Fund benefits are administered by a Trust recognised by Income Tax Authorities through the Group Schemes of HDFC Standard Life Insurance and Life Insurance Corporation of India. The liability for gratuity at the end of each financial year is determined on the basis of actuarial valuation carried out by the Insurer's actuary on the basis of projected unit credit method as confirmed to the Company. Company's contributions are charged to the Profit and Loss Account. Profits and losses arising out of actuarial valuations are recognised in the Profit and Loss Account as income or expense.

The Company provides for the encashment of leave subject to certain rules. The employees are entitled to accumulated leave subject to certain limits, for future encashment/availment. In Float SBU the liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of actuarial valuation using projected unit credit method.

Liability on account of short term employee benefits comprising largely of compensated absences, bonus and other incentives is recognised on an undiscounted accrual basis.

Termination benefits are recognised as an expense in the Profit and Loss Account.

g) Government Grants

Central Investment Subsidy is treated as Capital Reserve. Export incentives are credited to the Profit and Loss Account.

h) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. Transactions outstanding at year end are translated at exchange rates prevailing at the year end and the profit/loss so determined is recognised in the Profit and Loss Account.

Exchange differences in respect of liabilities incurred to acquire fixed assets prior to 1st April, 2004 are adjusted to the carrying amount of such fixed assets.

In respect of transactions covered by forward exchange contracts the difference between exchange rate on the date of the contract and the year end rate/settlement date is recognised in the Profit and Loss Account. Any premium/discount on forward contract is amortised over the life of the contract. Any profit or loss arising on cancellation or renewal of such a contract is recognised as income or expense for the period.

i) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

j) Investments

Investments are classified into current and long term investments. Long term investments are stated at cost. However, diminution in value other than temporary is provided. The reduction in carrying amount is reversed when there is a rise in the value of investments or if the reasons for the reduction no longer exist. Current investments are stated at lower of cost or fair value.

k) Leases

A lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards incident to ownership. Lease rentals are charged to the Profit and Loss Account on straight line basis over the lease term.

l) Taxation

Provision for current tax, fringe benefit tax and wealth tax is made based on the liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is virtual certainty and convincing evidence that there will be sufficient future taxable income available to realise such assets.

m) Prior Period Items

Income and Expenses which arise in the current year as a result of errors or omissions in the preparation of financial statements of one or more prior periods are shown as Prior Period Adjustments.

n) Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment of assets. If any such indication exists, impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts. In case there is any indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, the recoverable value is reassessed and the reversal of impairment loss is recognised as income in the Profit and Loss Account.

o) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made.

Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2627 Lakhs (Rs. 4502 Lakhs) (net of advances).

3. Contingent Liabilities for : Rs. Lakhs

		As at 31st March, 2008	As at 31st March, 2007
a)	Bank guarantees and letters of credit outstanding	4005	4375
b)	Claims against the Company not acknowledged as debts (excluding interest and penalty which may be payable on such claims)		
	i) Excise and custom duty (including referred in Note No. 11)	2583	2607
	ii) Disputed income tax demands	17	37
	iii) Corporate Guarantees (including Rs. 4715 Lakhs for subsidiary)	5166	–
	iv) Channel Financing from Bank	1427	–
	v) Others	118	37

4. a) As per Accouting Standard (AS)-15 (revised 2005) on Employee Benefits, details of expenses under Defined Contribution Plan for the year ended 31st March, 2008 are given as under :

Rs. Lakhs

Provident Fund	265
Superannuation Fund	39
Employee State Insurance	16
(Disclosed in the Profit and Loss Account as Contribution to Provident and Other Funds)	

b) The Company operates post retirement defined benefit plan for retirement gratuity which is funded.

c) Details of the post retirement gratuity plans and leave obligations are as follows :

Rs. Lakhs

		Gratuity Scheme Funded Plan	Leave Liability Non Funded Plan
I.	Reconciliation of opening and closing balances of obligation :		
	a) Present value of obligation as on 1st April, 2007	266	76
	b) Interest cost	21	6
	c) Current Service Cost	53	13
	d) Benefit Paid *	48	17
	e) Actuarial (Gain)/Loss	122	5
	f) Present value of obligation as on 31st March, 2008	414	83
II.	Reconciliation of opening and closing defined benefit assets :		
	a) Present value of Plan Assets as on 1st April, 2007	242	
	b) Expected return on Plan Assets	19	
	c) Contribution Paid	110	
	d) Benefit Paid *	48	
	e) Actuarial (Gain)/Loss	(6)	
	f) Present value of Plan Assets as on 31st March, 2008 **	329	
	Total actuarial (Gain)/Loss	116	
III.	Reconciliation of fair value of assets and obligation :		
	a) Present value of obligation as on 31st March, 2008	414	83
	b) Present value of Plan Assets as on 31st March, 2008 **	329	–
	c) Liability to be recognised in Balance Sheet	85	83
IV.	Expense recognised during the year :		
	a) Current Service Cost	53	13
	b) Interest Cost	21	6
	c) Expected return on Plan Assets	19	–
	d) Total actuarial (Gain)/Loss	116	5
	e) Expenses recognised during the year	171	24
V.	Disclosure of investment detail :		%
	Life Insurance Corporation of India	195	59.27
	HDFC Standard Life Insurance	134	40.73
		329	100.00

* Including cheque of Rs. 3 Lakhs deposited in Gratuity Trust account maintained with The Bank of Tokyo - Mitsubishi Ltd. issued by HDFC Standard Life Insurance.

** Including cheque of Rs. 60 Lakhs issued on 31st March, 2008 towards contribution to gratuity fund, realised in next year.

		%
VI.	Actuarial Assumptions	%
	a) Discount rate (per annum)	8
	b) Interest rate (per annum)	8
	c) Estimated rate of return on Plan Assets (per annum)	8
	d) Rate of escalation in salary (per annum)	3

5. The Company has taken offices, warehouses and residential facilties under cancellable operating lease agreements. The lease agreements are usually renewed by mutual consent on mutually agreeable terms. Total rental expenses under such lease Rs. 353 Lakhs (Rs. 308 Lakhs).

6. Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

7. **Payment to Auditors :** Rs. Lakhs

		2007-08	2006-07
a)	Statutory Audit	20	18
b)	Certification Fees	3	3
c)	Out of pocket expenses	2	2

8. Loan given, some of the Current Liabilities, Sundry Debtors and Advances are subject to confirmation/reconciliation.

9. **Prior period adjustments consist of :** Rs. Lakhs

		2007-08	2006-07
a)	Excise duty	61	23
b)	Other expenses/(reversals)	(4)	74
c)	Depreciation short provided	1	–
d)	Income of earlier years	(63)	(25)
		(5)	72

10. Purchases of raw materials during the year are net of quality claims against the suppliers including claims of Rs. 209 Lakhs (Rs. 503 Lakhs) yet to be settled. Adjustment for difference, if any, will be made in accounts on finalisation of the claims.

11. a) In a previous year, in Auto SBU of the Company, Custom and Central Excise Settlement Commission settled Excise Duty Liability at Rs. 368 Lakhs (excluding interest) out of which the Company had accepted liability of Rs. 56 Lakhs and paid the same alongwith interest of Rs. 20 Lakhs. The matter was decided in favour of the Company by the High Court of Delhi against which SLP of the Excise Department has been accepted by the Supreme Court of India.

b) Deputy Commissioner of Customs (Original Authority) in a previous year issued an order imposing additional custom duty of about Rs.1606 Lakhs (Rs. 1606 Lakhs) on the value of project imports made by erstwhile Float Glass India Ltd. (amalgamated with the Company with effect from 1st April, 2002). On appeal by the Company, Commissioner Customs (Appeals) set aside the above order on 25th November, 2002 against which the Commissioner of Customs filed an appeal before the Customs Excise and Service Tax Appellate Tribunal. In a previous year the matter was remanded back to the Original Authority for fresh decision. The liability, if any, will be accounted on final decision by Original Authority.

12. The Company has not considered necessary to provide for dimunition in value of equity shares of subsidiary company, AIS Glass Solutions Ltd. as investment is long term and dimunition in value is temporary.

13. Pursuant to Accounting Standard (AS)-11 notified as part of Companies (Accounting Standards) Rules, 2006 exchange rate fluctuations arising on loans/liabilities incurred for acquisition of Fixed Assets (other than capital projects under progress) are recognised in the Profit and Loss Account which were hitherto capitalised. Due to above change, the profit for the year is higher by Rs. 3908 Lakhs.

14. **Details of Deferred Tax Assets/(Liability) arising on account of timing differences are as follows :** Rs. Lakhs

	As At 31st March, 2008	As At 31st March, 2007
Deferred Tax Assets/(Liablities) Unabsorbed depreciation/carried forward losses under Tax Laws *	**7489**	7866
Difference between book depreciation and depreciation under the Income Tax Rules	**(10389)**	(10316)
Expenses allowed for tax purpose on payment basis	**32**	28
Provision for doubtful debts and advances	**24**	24
Others	–	9
	(2844)	(2389)

* Without considering the effect of exchange difference on loan relating to fixed assets shown as income in the Profit and Loss Account as per Accouting Standard (AS)-11 which will be adjusted in the cost of fixed assets on payment basis in future years.

15. Interest of Rs. 308 Lakhs (Rs. 3254 Lakhs) on borrowings for fixed assets for expansion/new projects is capitalised till the date such assets are put to use for commercial production.

16. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments. The Company does not use forward contract for trading and speculative purposes. The forward contracts outstanding as at 31st March, 2008 are as under :

Currency Exchange	Nos.	USD Lakhs
a) Number of buy contracts	1	
b) Aggregate amount		**40**
c) Number of sell contracts	6	
d) Aggregate amount		**60**

17. **Capital work in progress comprises of the following :** Rs. Lakhs

	As at 31st March, 2008	As at 31st March, 2007
Building under construction	**178**	3949
Plant and Machinery under erection	**3283**	11951
Electrical installations under erection	**41**	821
Capital advances	**1079**	2287
Pre-operative expenses	**118**	1189
Others	**36**	21
	4735	20218

18. a) **Computation of net profit for the year ended 31st March, 2008 under Section 349 of the Companies Act, 1956 :**

Rs. Lakhs

	2007-2008	2006-2007
Net profit as per Profit and Loss Account	**1958**	6324
Add : Depreciation	**10050**	6527
Director's Remuneration including commission	**228**	261
Director's Sitting Fee	**7**	6
Impairment loss	**(17)**	6
Prior Period Items	**(5)**	–
	12221	13124
Less : Depreciation chargeable under section 350	**10050**	6527
Profit on sale of Fixed Assets	**115**	1186
Profit on sale of Investments	**–**	61
Profit under Section 198 of the Companies Act, 1956	**2056**	5350
Commission payable to Managing Director and Whole-time Directors	**89**	120
Commission Payable to non working Directors	**4**	8

b) **Managerial Remuneration under Section 198 of the Companies Act, 1956 :** Rs. Lakhs

	2007-2008	2006-2007
Salaries and Allowances	**101**	98
Commission on Profits	**93**	128
Perquisites (Actual and/or valued as per Income Tax Rules)	**30**	29
Contribution to Provident Fund	**4**	6
	228	261

The above remuneration does not include contribution to gratuity fund as this contribution is a lump sum amount based on actuarial valuation.

19. **Other Current Assets (Schedule 7) include amounts due from :** Rs. Lakhs

	Maximum Balance	As at 31st March, 2008
Private Limited Company in which the Managing Director of the Company is interested as	**18** (18)	**18** (18)

20. **Earnings Per Share (EPS) :** Rs. Lakhs

	2007-08	2006-07
Profit after tax as per Profit and Loss Account	**1367**	4234
Less : Tax adjustments of earlier years	**33**	26
Less : Preference Dividend Including Tax thereon *	**–**	–
Profit Attributable to Equity shareholders - (A)	**1334**	4208
Basic/Weighted average number of Equity Shares outstanding - (B)	**159927586**	159927586
Nominal Value of Equity Shares (Re.)	**1/- each**	1/- each
Basic/Diluted Earnings Per Share (Rs.) - (A)/(B)	**0.83**	2.63

* Rounded off to Nil.

21. Related Party Disclosures under Accounting Standard (AS)-18 :

a) List of Related Parties

i) Subsidiary : AIS Glass Solutions Ltd.

ii) Associates : AIS Adhesives Ltd., Asahi India Map Auto Glass Ltd., Vincotte International India Assessment Services (P) Ltd.

iii) Enterprises owned or significantly influenced by Key Management Personnel or their relatives :

Shield Autoglass Ltd., Samir Paging Systems Ltd., R. S. Estates (P) Ltd., Nishi Electronics (P) Ltd., Maltex Malsters Ltd., Essel Marketing (P) Ltd., Allied Fincap Services Ltd., Usha Memorial Trust, ACMA, Krishna Maruti Ltd.

iv) Key Management Personnel and their relatives :
Directors : Mr. B. M. Labroo, Mr. Sanjay Labroo, Mr. P. L. Safaya, Mr. K. Kojima, Mr. Arvind Singh
Relatives : Mrs. Kanta Labroo, Mrs. Rajni Safaya, Mrs. Vimi Singh

v) Other related parties where control exists : Asahi Glass Co. Limited, Japan and its subsidiaries - AGC Flat Glass Asia Pacific Pte. Ltd., Asahi Glass Machinery Co. Ltd., Asahi Glass Phillipines, Inc., Glavermas Pte Ltd., Glavermas Mirrors Pte Ltd., Glaverbel S. A., Asahi Glass Ceramics Co. Ltd., P. T. Asahimas Flat Glass TBK Indonesia, AGC Automotive Thailand Co. Ltd.

b) Transactions with Related Parties :

Rs. Lakhs

Nature of Transaction	Subsidiary		Associates		Enterprise owned or significantly influenced by Key Management Personnel		Key Management Personnel and their relatives		Others	
	Volume of transactions for the year ended		Volume of transactions for the year ended		Volume of transactions for the year ended		Volume of transactions for the year ended		Volume of transactions for the year ended	
	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
1. Expenses										
- Purchase of materials	16	–	–	–	–	–	–	–	7990	1530
- Purchase of traded goods	–	–	–	–	–	–	–	–	–	358
- Business promotion expenses	–	–	–	–	29	29	–	–	–	–
- Remuneration to directors	–	–	–	–	–	–	As per Note No.18(b) above		–	–
- Directors sitting fees	–	–	–	–	–	–	1	1	–	–
- Rent paid	–	–	–	–	18	18	15	14	–	–
- Fee for technical and consultancy services	–	–	–	–	–	–	–	–	1007	152
- Donation	–	–	–	–	1	1	–	–	–	–
- Training expenses	–	–	–	–	–	1	–	–	–	–
- Repairs and Maintenance	–	–	–	–	–	–	–	–	34	21
- Miscellaneous Expenses	–	–	–	–	–	–	–	–	4	–
- Royalty	–	–	–	–	–	–	–	–	1894	746
- Dividend	–	–	–	–	–	–	–	–	–	444
- Membership and Subscription	–	–	–	–	2	1	–	–	2	–
- Commission	28	33	–	–	–	–	–	–	–	–
- Interest on Advance	1	10	–	–	–	–	–	–	–	–
2. Income										
- Sale of goods etc.	696	1717	2516	1883	–	–	–	–	142	–
- Sale of fixed assets	4984	–	–	–	–	–	–	–	–	–
- Interest/Commission received	158	–	–	–	–	–	–	–	133	–
3. Purchases of Capital Goods	–	–	–	–	–	–	–	–	7914	7431
4. Advance Received	–	158	–	–	–		–	–	–	–
5. Corporate Guarantee given	4715	–	–	–	–	–	–	–	–	–
6. Balance as on	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
- Loans and Advances	1658	–	–	–	18	18	10	10	47	2583
- Creditors	–	158	–	–	3	3	78	134	3394	3712
- Debtors	634	291	767	356	–	–	–	–	26	–
- Foreign Currency Loan	–	–	–	–	–	–	–	–	19154	20753

Note : Related party relationship is as identified by the Company on the basis of available information and accepted by the Auditors as correct.

22. Segment Information :

Rs. Lakhs

a) Information about Primary Business Segments

Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Segment revenue					
External	49656	49975	5425		105056
	(44304)	(28611)	(4254)		(77169)
Inter segment sales (Net of excise duty)	71	5720	10	(5801)	–
	(142)	(1447)	(9)	(-1598)	–
Other income			303		303
			(1278)		(1278)
Total revenue	49727	55695	5738	(5801)	105359
	(44446)	(30058)	(5541)	(-1598)	(78447)
Segment result	7650	2132	349		10131
	(6555)	(2200)	(-164)		(8591)
Unallocated Income (net of expenses)			123		123
			(1255)		(1255)
Operating profit	7650	2132	472		10254
	(6555)	(2200)	(1091)		(9846)
Interest expense			8476		8476
			(3545)		(3545)
Interest income			180		180
			(23)		(23)
Income taxes - Current Tax			213		213
			(480)		(480)
- Deferred Tax			455		455
			(1997)		(1997)
- Fringe Benefit Tax			130		130
			(87)		(87)
- MAT Credit Entitlement			(207)		(207)
			(-474)		(-474)
Taxes paid for earlier years			33		33
			(26)		(26)
Net profit	7650	2132	(8448)		1334
	(6555)	(2200)	(-4547)		(4208)
Other information					
Segment assets	67639	113797	10319		191755
	(57227)	(104765)	(15728)		(177720)
Total assets	67639	113797	10319		191755
	(57227)	(104765)	(15728)		(177720)
Segment liabilities	8018	10372	1933		20323
	(8430)	(10256)	(3960)		(22646)
Share capital and reserves			29445		29445
			(28711)		(28711)
Secured and unsecured loans			139143		139143
			(123974)		(123974)
Deferred Tax Liability			2844		2844
			(2389)		(2389)
Total liabilities	8018	10372	173365		191755
	(8430)	(10256)	(159034)		(177720)
Capital expenditure	9643	3146	(3181)		9608
	(12387)	(22342)	(5439)		(40168)
Depreciation/Amortisation	3862	5630	558		10050
	(3253)	(2846)	(428)		(6527)
Non cash expenses other than depreciation/amortisation	–	–	–		–
	(12)	(Nil)	(Nil)		(12)

b) **Information about Secondary Business Segments** Rs. Lakhs

Particulars	India	Outside India	Total
Revenue by Geographical Market			
External	103234	7926	111160
	(75618)	(4427)	(80045)
Less: Inter segment sales (Net of excise duty)	5801		5801
	(1598)		(1598)
Total	97433	7926	105359
	(74020)	(4427)	(78447)

i) For management purposes, the Company is organised into two major operating divisions - Automotive Glass and Float Glass. These divisions are the basis on which the Company reports its primary segment information.

ii) All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist primarily of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not includes investments, inter corporate deposits, miscellaneous expenditure, current income tax and deferred tax.

iii) Segment revenues and segment results include transfers between business segments. Inter segment sales to Automotive Glass Division are accounted for at cost of production plus 10%. These transfers are eliminated on consolidation.

iv) Joint expenses are allocated to business segments on a reasonable basis. All other revenues and expenses are directly attributable to the segments. They do not include interest income on inter corporate deposit and interest expense.

23. **The information as required by para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956 :**

a) **Particulars of Installed Capacity (as certified by the management on which auditors have placed reliance) and Production :**

Product	Unit	Installed Capacity	Actual Production
Toughened Glass	Sq. Mts.	6512000	3838752
		(3920000)	(3448074)
Laminated Glass	Nos.	2350000	2166386
		(2270000)	(2002137)
Architectural Glass	Sq. Mts.	1404000	378194
		(900000)	(361429)
Float Glass	Conv. Sq. Mts.	73720000	62519282 **
		(73720000)	(38999031)
Reflective Glass *	Conv. Sq. Mts.	–	3126828 **
		(–)	(–)
Mirror Glass	Conv. Sq. Mts.	3650000	1254041 **
		(–)	(–)

* Reflective Glass capacity is within the Float Glass capacity.
** Net of breakages

Notes : 1. As per the Industrial Policy no licences are required for the products manufactured by the Company.
2. Installed capacities are on annual basis.
3. Production includes captive consumption.

b) **Sales, Purchases, Opening Stock, And Closing Stock :** Rs. Lakhs

		Sales		Purchases		Opening Stock		Closnig Stock	
Product	Unit	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Toughened Glass	Sq. Mts.	***3820172**	**23184**	**Nil**	**Nil**	**179727**	**958**	**191340**	**1079**
		(3365457)	(21253)	(Nil)	(Nil)	(105811)	(581)	(179727)	(958)
Laminated Glass	Nos.	****2141958**	**25972**	**Nil**	**Nil**	**81725**	**885**	**105441**	**1129**
		(1962057)	(22494)	(Nil)	(Nil)	(54241)	(611)	(81725)	(885)
Float Glass	Conv. Sq. Mts.	******** 46488674**	**39873**	**Nil**	**Nil**	**12702793**	**10097**	**21433453**	**16406**
		(29790185)	(26875)	(Nil)	(Nil)	(5582931)	(3819)	(12702793)	(10097)
Architectural Glass	Sq. Mts.	***** 382084**	**5282**	**Nil**	**Nil**	**11742**	**130**	**7009**	**73**
		(353099)	(4166)	(Nil)	(Nil)	(3412)	(49)	(11742)	(130)
Reflective Glass	Conv. Sq. Mts.	****** 1038797**	**2048**	**Nil**	**Nil**	**Nil**	**Nil**	**1860523**	**1995**
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Mirror Glass	Conv. Sq. Mts.	**954505**	**1723**	**Nil**	**Nil**	**Nil**	**Nil**	**299536**	**406**
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Traded Goods	Conv. Sq. Mts.	******* 297381**	**639**	**295795**	**677**	**122952**	**211**	**119273**	**295**
		(446390)	(870)	(306683)	(573)	(264186)	(496)	(122952)	(211)
Miscellaneous			**632**						
			(526)						

Excluding * 6967 (8701) Sq. Mts. , **712 (12596) Nos., *** 843 (Nil) Sq. Mts., ***** 2093 (1527) Conv. Sq. Mts. destroyed/broken, ****** Net of inter-unit transfer 7299948 (2088984) Conv. Sq. Mts., **** 227508 (Nil) Conv. Sq. Mts.

c) **Raw Materials Consumed :** Rs. Lakhs

	Unit	Quantity	Value
Float Glass	Sq. Mts.	**8124130**	**11376**
		(9876612)	(14634)
PVB Films	Sq. Mts.	**2270682**	**4260**
		(2175072)	(4557)
Soda Ash	M.T.	**65610**	**8436**
		(37054)	(4026)
Others			**6991**
			(3928)

d) **Value of raw materials, spare parts and components consumed :** Rs. Lakhs

	Amount	Percentage
i) Raw Materials		
Imported	**16939**	**54.53**
	(17976)	(66.22)
Indigenous	**14124**	**45.47**
	(9169)	(33.78)
ii) Stores and spare parts		
Imported	**1082**	**12.36**
	(1190)	(24.07)
Indigenous	**7674**	**87.64**
	(3754)	(75.93)

e) **CIF value of Imports :** Rs. Lakhs

		Amount	Amount
i)	Raw Materials	14947	(13820)
ii)	Stores and Spares Parts etc.	2303	(2385)
iii)	Capital Goods (excluding stores included in (ii) above)	6298	(18030)
iv)	Traded Goods	491	(563)
v)	Others	–	(24)

f) **Expenditure in Foreign Currency :** Rs. Lakhs

		Amount	Amount
i)	Instalments towards foreign currency loans	3273	(–)
ii)	Interest on foreign currency loans	3509	(2505)
iii)	Royalty (Net of Taxes)	1573	(618)
iv)	Professional charges	498	(2416)
v)	Others	667	(377)

g) **Remittances in Foreign Currencies on account of dividends (net of tax) :** Rs. Lakhs

Particulars	Financial Year	On account of	No. of shares held	No. of Non-resident shareholders	Amount
Interim dividend on Equity Shares	2007-2008	2007-2008	Nil	Nil	Nil
	(2006-2007)	(2006-2007)	(40966129)	(19)	(266)
Final dividend on Equity Shares	2007-2008	2006-2007	Nil	Nil	Nil
	(2006-2007)	(2005-2006)	(43615237)	(18)	(262)
Final dividend on Preference Shares	2007-2008	2006-2007	600000	1	0.06
	(2006-2007)	(2005-2006)	(600000)	(1)	(0.06)

h) **Earnings in Foreign Exchange :** Rs. Lakhs

		Amount	Amount
i)	F.O.B. value of Exports (excluding paid samples)	6943	(3912)
ii)	Interest and Commission Received	111	(4)

24. Previous year's figures have been regrouped/rearranged, wherever found necessary. Figures in brackets above are in respect of previous year.

25. Figures have been rounded off to Rs. Lakhs.

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Cash Flow Statement

Rs. Lakhs

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period Adjustments	1953		6396	
Adjustment for :				
Depreciation and Amortisation	10050		6527	
Impairment Loss provided/(Reversed)	(17)		6	
(Profit)/Loss on sale of fixed assets	(115)		(1186)	
(Profit)/Loss on sale of Long Term Investments	–		(60)	
(Profit)/Loss on sale of Current Investments	–		(1)	
Deferred revenue expenditure written off	–		12	
Interest paid	8476		3545	
Interest received	(180)		(23)	
Dividend received	(7)		(8)	
Operating Profit before working capital changes	20160		15208	
Adjustment for :				
Trade and other receivables	(3193)		(7435)	
Inventories	(12168)		(9173)	
Trade payable	(1666)		9704	
Cash Generated from Operations	3133		8304	
Interest paid	(8476)		(3545)	
Direct taxes paid	(376)		(593)	
Cash Flow before Prior Period Items	(5719)		4166	
Prior Period items	5		(72)	
Net Cash used in Operating Activities		(5714)		4094
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets, including capital work in progress	(9609)		(40104)	
Sale of fixed assets	461		1760	
Sale of investments	–		46	
(Profit)/Loss on sale of Long Term Investments	–		60	
(Profit)/Loss on sale of Current Investments	–		1	
Dividend received on investments	7		8	
Interest received	180		23	
Net Cash used in Investing Activities		(8961)		(38206)

Rs. Lakhs

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of long term borrowings	4010		19864	
Net proceeds of short term borrowings	11160		17436	
Redemption of Preference Shares	(600)		–	
Dividend and dividend tax paid	–		(2281)	
Net Cash from Financing Activities		14570		35019
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		(105)		907
Cash and Cash Equivalent as at 1st April, 2007 (Opening Balance)	1578		671	
Cash and Cash Equivalent as at 31st March, 2008 (Closing Balance)	1473		1578	

Notes :

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

ii) Figures in brackets represent outflows.

iii) Previous year figures have been restated wherever necessary.

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Balance Sheet Abstract and Company's General Business Profile

As per schedule vi, part (iv) of the Companies Act, 1956

I. Registration Details

Registration No. 19542 State Code 55

Balance Sheet Date 31 03 2008

II. Capital Raised during the year (Amount Rs. Lakhs)

Public Issue: NIL	Right Issue: NIL
Bonus Issue: NIL	Private Placement: NIL

III. Position of Mobilisation and Deployment of Funds (Amount Rs. Lakhs)

Total Liabilities: 191755	**Total Assets**: 191755

Sources of Funds

Paid up Capital: 1599	Reserves and Surplus: 27846
Secured Loans: 107262	Unsecured Loans: 31881
Deferred Tax Liabilities: 2844	

Application of Funds

Net Fixed Assets: 129537	Investments: 592
Net Current Assets: 41303	Miscellaneous Expenditure: NIL
Accumulated Losses: NIL	

IV. Performance of Company (Amount Rs. Lakhs)

Total Income: 105359	Total Expenditure: 103401
Profit before tax: 1958	Profit after tax: 1367
Earning per Share (Rs.): 0.83	Dividend @ %: NIL

V. Generic Names of Three Principal Products/Service of Company

1.	Toughened (Tempered) Saftey Glass	Ch. H. No. 7004-10
2.	a) Laminated Safety Glass	
	b) Laminated Architectural Safety Glass	Ch. H. No. 7004-20 Glass (Flat)
3.	Float Glass - Clear	Ch. H. No. 7004-10
4.	Float Glass - Tinted	Ch. H. No. 7004-21

On behalf of the Board of Directors

B. M. Labroo	**Sanjay Labroo**	**Shailesh Agarwal**	**Meenu Juneja**
Chairman	Managing Director & Chief Executive Officer	Chief Financial Officer	Head- Legal & Company Secretary

Place : Gurgaon
Dated : 6th May, 2008

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

Name of Subsidiary Company	AIS Glass Solutions Ltd.
1. Financial year ending of the subsidiary	31st March, 2008
2. Shares of subsidiary held by Asahi India Glass Ltd. on the above date	
a) Number and Face Value	2960000 (2960000) Equity Shares of Rs. 10 each fully paid up
b) Extent of holding	75.20% (76.21%)
3. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of Asahi India Glass Ltd.	
a) dealt with in the accounts of Asahi India Glass Ltd. Profit/(Loss) for the year ended 31st March, 2008	Rs. (323) Lakhs (Rs. 78 Lakhs)
b) not dealt with in the accounts of Asahi India Glass Ltd. Profit/(Loss) for the year ended 31st March, 2008	Rs. (105) Lakhs (Rs. 23 Lakhs)
4. Net aggregate amount of the profit/(losses) for previous financial years of the subsidiary since it became subsidiary so far as they concern members of Asahi India Glass Ltd.	
a. dealt with in the accounts of Asahi India Glass Ltd.	Rs. (81) Lakhs (Rs. – 159 Lakhs)
b. not dealt with in the accounts of Asahi India Glass Ltd.	Rs. 20 Lakhs (Rs. – 3 Lakhs)

On behalf of the Board of Directors

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : Gurgaon
Dated : 6th May, 2008

Auditors' Report on Consolidated Financial Statement

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ASAHI INDIA GLASS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ASAHI INDIA GLASS LIMITED AND ITS SUBSIDIARY

1. We have audited the attached Consolidated Balance Sheet of Asahi India Glass Limited (The Company) and its subsidiary as at 31st March, 2008, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date.

2. These consolidated financial statements are the responsibility of the management of Asahi India Glass Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

   We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. 3439 Lakhs as at 31st March, 2008 and total revenue of Rs. 958 Lakhs for the year ended on that date. The financial statements have been audited by other auditors whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of said subsidiary, is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)- 21 Consolidated Financial Statements and (AS)-23 Accounting for investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

5. On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiary, in our opinion, the consolidated financial statements together with Notes thereon, and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India;

   (a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of Asahi India Glass Ltd. and its subsidiary as at 31st March, 2008;

   (b) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Asahi India Glass Ltd. and its subsidiary for the year ended on that date, and

   (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of Asahi India Glass Ltd. and its subsidiary for the year ended on that date.

For **Jagdish Sapra & Co.**
Chartered Accountants

Jagdish Sapra
Partner
M. No. 9194

Place : New Delhi
Dated : 6th May, 2008

Consolidated Balance Sheet

Rs. Lakhs

	Schedule	As at 31st March, 2008		As at 31st March, 2007	
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	1599		2199	
b) Reserves and Surplus	2	27572	29171	26728	28927
2. Minority Interest					
a) Capital		97		92	
b) Reserves and Surplus		(85)	12	20	112
3. Loan Funds					
a) Secured Loans	3	110798		94556	
b) Unsecured Loans	4	31880	142678	29418	123974
4. Deferred Tax Liability (Net) (Schedule 13, Note 8)			2844		2389
Total			174705		155402
APPLICATION OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		189203		159861	
b) Less : Depreciation and Amortisation		59889		49789	
c) Net Block		129314		110072	
d) Capital Work-in-progress (Schedule 13, Note 9)		5181		20218	
e) Impaired Assets held for disposal		109	134604	97	130387
2. Investments - Long Term					
a) Associates (Including goodwill Rs. 190 Lakhs					
arising on acquisition of associates)		522		556	
b) Others		36	558	67	623
3. Current Assets, Loans and Advances					
Current Assets	6				
a) Inventories		36565		24145	
b) Sundry Debtors		10527		7099	
c) Cash and Bank Balances etc.		1747		2601	
d) Other Current Assets		1439		1256	
Loans and Advances	7	10139		12030	
		60417		47131	
Less: Current Liabilities and Provisions	8				
a) Liabilities		20534		22413	
b) Provisions		342		330	
		20876		22743	
Net Current Assets			39541		24388
4. Miscellaneous Expenditure					
(to the extent not written off or adjusted)			2		4
Total			174705		155402
Notes to the Accounts	13				
The Schedules referred to above form an integral part of the Balance Sheet					

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Consolidated Profit and Loss Account

Rs. Lakhs

	Schedule		Year Ended 31st March, 2008		Year Ended 31st March, 2007
INCOME					
Turnover and Inter Division Transfers		118317		91897	
Less : Inter Division and Subsidiary Transfers		6712		3595	
Turnover		111605		88302	
Less : Excise Duty		12029		11646	
Net Turnover			99576		76656
Other Income	9		5766		2284
			105342		78940
EXPENDITURE					
Materials and Manufacturing	10		59351		43595
Personnel	11		7953		5717
Selling, Administration and Others	12		26471		16545
Deferred Revenue Expenditure Written Off			2		14
			93777		65871
Profit Before Depreciation and Tax			11565		13069
Less : Depreciation and Amortisation		10200		6548	
Less : Depreciation Write back		17	10183	–	6548
(Add)/Less : Impairment Loss/(reversal)			(17)		6
(Add)/Less : Prior Period Adjustments (Net)			(5)		72
Profit Before Tax			1404		6443
Less : Provision for Taxation					
Current Tax			213		491
Deferred Tax			455		1997
Fringe Benefit Tax			136		95
Add : MAT Credit Entitlement			207		474
Profit After Tax			807		4334
(Less)/Add : Share of Profit of Associates			(34)		47
(Add)/Less : Minority Interest			(104)		23
Less : Tax Adjustment of earlier years			33		26
Add : Balance Brought Forward			9562		6837
Profit Available for Appropriation			10406		11169
APPROPRIATIONS					
Interim Dividend on Equity Shares			–		1040
Dividend on Preference Shares*			–		–
Corporate Dividend Tax			–		146
Capital Redemption Reserve (on redemption of Preference Shares)			600		–
General Reserve			–		421
Balance Carried to Balance Sheet			9806		9562
			10406		11169
* Rounded off to Nil.					
Earnings Per Share - Basic and Diluted (Rs.)			0.53		2.71
Notes to the Accounts	13				
The Schedules referred to above form an integral part of the Profit and Loss Account					

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Schedules to the Consolidated Accounts

Rs. Lakhs

			As at 31st March, 2008		As at 31st March, 2007
SCHEDULE 1 : SHARE CAPITAL					
Authorised					
500000000	Equity Shares of Re.1 each		**5000**		5000
600000	Preference Shares of Rs.100 each		**600**		600
9000000	Preference Shares of Rs.10 each		**900**		900
			6500		6500
Issued, Subscribed and Paid Up					
159927586	Equity Shares of Re.1 each fully paid *		**1599**		1599
0(600000)	0.01 % Non-Cumulative Redeemable Preference Shares of Rs. 100 each fully paid **		**–**		600
			1599		2199

Notes :

* Of the above 135463793 Shares are allotted as fully paid bonus shares by capitalisation of General Reserve.

** Redeemed during the year

SCHEDULE 2 : RESERVES AND SURPLUS				
Amalgamation Reserve				
Opening Balance		**637**		637
Capital Reserve				
Opening Balance		**23**		23
Capital Redemption Reserve				
Opening Balance	**795**		795	
Add : Transferred from Profit and Loss Account	**600**	**1395**	–	795
General Reserve				
Opening Balance	**15711**		15290	
Add : Transferred from Profit and Loss Account	**–**	**15711**	421	15711
Surplus in Profit and Loss Account		**9806**		9562
		27572		26728

Rs. Lakhs

	As at 31st March, 2008		As at 31st March, 2007	
SCHEDULE 3 : SECURED LOANS				
Banks				
Working Capital	37545		30447	
Foreign Currency Term Loan	61786		33947	
Rupee Term Loan	10003	109334	–	64394
Others				
Foreign Currency Term Loan	–		28262	
Loan from Distt. Industries Centre				
Government of Haryana (Interest Free)	1464	1464	1900	30162
		110798		94556

Notes :

1. Working Capital Loans are secured by way of first charge on the current assets of the Company, both present and future.
2. Foreign Currency Term Loans from banks are secured by way of pari-passu charge on specified movable and immovable assets (Installed/yet to be installed) of the Company subject to prior charge created to secure working capital loans.
3. Rupee Term Loan is secured by pari-passu charge on fixed assets of plant at Rewari and also equitable mortgage of landed property at Rewari.
4. Foreign Currency Term Loan from Others is secured by way of pari-passu charge on movable and immovable assets of Float SBU plant at Roorkee.
5. Loan from Distt. Industries Centre is secured by way of first charge by way of mortgage over immovable and movable assets of plant at Rewari.

SCHEDULE 4 : UNSECURED LOANS

Short Term Loans From Banks	12726	8665
Foreign Currency Loan (Interest Free)	19154	20753
	31880	29418

SCHEDULE 5 : FIXED ASSETS

Description	Gross Block				Depreciation/ Amortisaion				Net Block	
	As at 1st April, 2007	Additions	Deductions	**As at 31st March, 2008**	As at 1st April, 2007	For the Year	Adjustments	**As at 31st March, 2008**	**As at 31st March, 2008**	As at 31st March, 2007
TANGIBLE ASSETS										
Freehold Land	1932	28	146	**1814**	–	–	–	–	**1814**	1932
Leasehold Land	1474	305	134	**1645**	177	16	–	**193**	**1452**	1297
Buildings	28138	6628	–	**34766**	2915	872	–	**3787**	**30979**	25223
Plant and Machinery	108412	19515	109	**127818**	39022	7900	19	**46903**	**80915**	69390
Electrical Installations and Fittings	13232	1994	44	**15182**	4210	739	30	**4919**	**10263**	9022
Furniture and Fixtures	758	322	5	**1075**	341	75	6	**410**	**665**	417
Miscellaneous Assets	2707	378	11	**3074**	1225	235	17	**1443**	**1631**	1482
Vehicles	902	221	132	**991**	253	94	46	**301**	**690**	649
	157555	29391	581	**186365**	48143	9931	118	**57956**	**128409**	109412
INTANGIBLE ASSETS										
Computer Software	1153	508	–	**1661**	512	279	–	**791**	**870**	641
Licence Fee	1115	–	–	**1115**	1115	–	–	**1115**	–	–
E Mark Charges	35	24	–	**59**	17	7	–	**24**	**35**	18
Product Design	3	–	–	**3**	2	1	–	**3**	–	1
	2306	532	–	**2838**	1646	287	–	**1933**	**905**	660
Total	**159861**	**29923**	**581**	**189203**	**49789**	**10218**	**118**	**59889**	**129314**	**110072**
Previous year	91988	68530	657	159861	43287	6585	83	49789	110072	
Capital Work in Progress (Including Capital Advances)									**5181**	20218
Impaired Assets held for Disposal									**109**	97

Rs. Lakhs

			As at 31st March, 2008			As at 31st March, 2007
SCHEDULE 6 : CURRENT ASSETS						
Inventories (As taken, valued and certified by Management)						
i) Stores and Spare parts			5171			4690
ii) Raw Materials			8541			6234
iii) Finished and Traded Goods			21418			12281
iv) Waste			50			32
v) Work in Process			1385			908
			36565			24145
Sundry Debtors (Considered good except where provided for)						
Secured						
Over Six Months		58			10	
Others		626	684		367	377
Unsecured						
Over Six Months		997			415	
Others		8919	9916		6377	6792
			10600			7169
Considered Good	10527			7099		
Considered Doubtful	73			70		
Less : Provision for Doubtful debts			73			70
			10527			7099
Cash and Bank Balances etc.						
Cash in Hand (As certified)			32			23
Cheques in Hand/Remittances in Transit			925			1128
Balance with Post Office in Saving Account *			–			–
Balances with Scheduled Banks						
Current/Cash Credit Accounts			622			626
Deposit Account			2			1
Dividend Warrant Account			166			823
			1747			2601
Other Current Assets (Unsecured and considered good)						
Interest Accrued on Investments *			–			–
Deposits with Government and others			1439			1256
			1439			1256

* Rounded off to Nil.

SCHEDULE 7 : LOANS AND ADVANCES		
(Unsecured and considered good)		
LOANS (Including interest accrued)	37	63
Advances		
Advances recoverable in cash or in kind		
or for value to be received and/or adjusted	5265	6648
MAT Credit recoverable	1407	1200
Advance Income Tax (Net of provision)	24	–
Balance with Excise Authorities	3406	4119
	10139	12030

Rs. Lakhs

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	188	95
Sundry Creditors		
Micro and Small Enterprises *	–	83
Others	15860	17019
Advances from Customers	764	708
Investor Education and Protection Fund	166	823
Other Liabilities	2470	2634
Interest accrued but not due on loans	1086	1051
	20534	22413
Provisions		
Proposed Dividend on Preference Shares **	–	–
Dividend Tax **	–	–
Current Tax (Net of taxes paid)	–	37
Fringe Benefit Tax (Net of taxes paid)	13	3
Employee Benefits	329	290
	342	330

* Pursuant to amendments to schedule VI to the Companies Act, 1956 the amounts due to Micro and Small Enterprises are to be given. The said details are not available as the Company is in the process of compiling relevant informations from its suppliers. The figures in respect of previous year are due to Small Scale Industries Undertakings only.

** Rounded off to Nil.

Rs. Lakhs

	Year Ended 31st March, 2008	Year Ended 31st March, 2007
SCHEDULE 9 : OTHER INCOME		
Interest	23	23
Rent Received	2	2
Profit on Sale of Fixed Assets (Net)	–	1186
Profit on Sale of Long Term Investments	–	67
Profit on Sale of Current Investments	5	1
Exchange Rate Fluctuations (Net)	5269	748
Liabilities and Provisions Written Back	102	124
Dividend on Long Term Investments- Non Trade (Gross)	7	8
Miscellaneous	358	125
	5766	2284

				Rs. Lakhs
		Year Ended 31st March, 2008		Year Ended 31st March, 2007
SCHEDULE 10 : MATERIALS AND MANUFACTURING				
Raw Materials Consumed				
Opening Stock	6234		6225	
Add : Purchases	33197		28076	
	39431		34301	
Less : Sales/Trial Run	121		922	
Closing Stock	8408	30902	6234	27145
Excise Duty		(116)		57
Purchases of Finished Goods		677		578
Manufacturing Expenses				
Power, Fuel, Water and Utilities		24060		14159
Stores and Spares etc. consumed		8723		4944
Miscellaneous Expenses		1570		881
Repairs and Maintenance				
Plant and Machinery	2802		2063	
Building	295	3097	279	2342
Less : Increase in Stocks				
Opening Stock				
Finished and Traded Goods	12304		5556	
Work in Process	955		601	
Waste	32		35	
	13291		6192	
Closing Stock				
Finished and Traded Goods	21418		11763	
Work in Process	1385		908	
Waste	50		32	
	22853	(9562)	12703	(6511)
		59351		43595

SCHEDULE 11 : PERSONNEL		
Salaries, Wages, Allowances and Bonus	6019	4326
Recruitment and Training Expenses	122	91
Welfare Expenses	1305	970
Contribution to Provident and Other Funds	507	330
	7953	5717

				Rs. Lakhs
		Year Ended 31st March, 2008		Year Ended 31st March, 2007
SCHEDULE 12 : SELLING, ADMINISTRATION AND OTHERS				
Advertisement		665		360
Packing and Forwarding		7962		6177
Commission Paid		637		580
Royalty		1895		746
Cash Discount		551		381
Interest				
On Fixed Loans	5613		986	
Others	2879	8492	2561	3547
Bank Charges		510		238
Travelling and Conveyance		1052		697
Rent		377		329
Rates and Taxes		268		167
Insurance		585		380
Auditors Remuneration		34		32
Repairs and Maintenance-Others		182		204
Miscellaneous Expenses		3177		2613
Loss on Sale of Fixed Assets (Net)		19		–
Director's Sitting Fees		7		6
Bad and Doubtful Debts		54		80
Commission to non working Directors		4		8
		26471		16545

SCHEDULE 13 : NOTES TO THE ACCOUNTS

1. **Statement of Significant Accounting Policies**

a) **Basis of preparation of Financial Statements**

i) Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act, 1956.

ii) Financial Statements are based on historical cost and are prepared on accrual basis.

b) **Principles of Consolidation**

The Consolidated Financial Statements relate to Asahi India Glass Ltd. (the Company), its subsidiary AIS Glass Solutions Ltd. and associates.

The subsidiary company considered in the consolidated financial statements is :

Name of the Company	Country of Incorporation	% of share holding	Held by
AIS Glass Solutions Ltd.	India	75.20%	Asahi India Glass Ltd.

The associate companies considered in the consolidated financial statements are :

Name of the Company	Status	Country of Incorporation	% of share holding	Held By	Financial Statements
AIS Adhesives Ltd.	Audited	India	50%	Asahi India Glass Limited	as on 31st March, 2008
Asahi India Map Auto Glass Ltd.	Audited	India	49.98%	Asahi India Glass Limited	as on 31st March, 2008
Vincotte International India Assessment Services (P) Ltd.	Un-Audited	India	20%	Asahi India Glass Limited	as on 31st March, 2008

The Consolidated Financial Statements have been prepared on the following basis :

i) The Financial Statements of the Company and its subsidiary have been combined on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra group balances, intra group transactions and unrealised profit or loss as per Accounting Standard (AS)-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

ii) The goodwill/capital reserve on consolidation is recognised in the consolidated financial statements.

iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's financial statements.

iv) Minority interest in the net income and net assets of the Consolidated Financial Statements is computed and shown separately.

v) Investments in associate companies have been accounted under the equity method as per Accounting Standard (AS)-23 Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

c) Revenue Recognition

Sale of products is recognised when the risks and rewards of ownership are passed on to the customers, which is on dispatch of goods. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of `Raw Materials Consumed'. Sales are stated net of VAT/sales tax and transit insurance claims short received. Interest and other income is accounted for on accrual basis. Dividend income is accounted when right to receive the same is established.

d) Fixed Assets

i) The 'Gross Block' of fixed assets is shown at the cost of acquisition, which includes taxes, duties (net of tax credits as applicable) and other identifiable direct expenses. Interest on borrowed funds attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

ii) Capital work in progress includes expenditure during construction period incurred on projects under implementation treated as Pre-operative expenses pending allocation to the assets. These expenses are apportioned to fixed assets on commencement of commercial production.

e) Depreciation/Amortisation

Tangible Assets

i) Depreciation on fixed assets is provided on Straight Line Method (SLM) at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956.

ii) Leasehold assets are depreciated over the period of lease.

iii) Assets costing upto Rs. 5000/- each are depreciated fully in the year of purchase.

iv) Fixed assets not represented by physical assets owned by the Company are amortised over a period of five years.

Intangible Assets

Computer Software, Production Design and E-mark charges are amortised over a period of five years proportionately when such assets are available for use.

f) Inventories

Inventories are valued at lower of cost or net realisable value except waste which is valued at estimated realisable value as certified by the Management. The basis of determining cost for various categories of inventories are as follows :

Stores, spare parts and raw material	Weighted average cost (except stores segregated for specific purposes and materials in transit valued at their specific costs).
Work in process and finished goods	Material cost plus proper share of production overheads and excise duty wherever applicable.
Traded Goods	First in First Out Method based on actual cost.

g) Employee Benefits

Contribution to Defined Contribution Schemes such as Provident Fund etc. are charged to the Profit and Loss Account as and when incurred. The Company has a scheme of gratuity fund towards retirement benefits where the Company has no liability other than its annual contribution.

In the Company the Gratuity Fund benefits are administered by a Trust recognised by Income Tax Authorities through the Group Schemes of HDFC Standard Life Insurance and Life Insurance Corporation of India. The liability for gratuity at the end of each financial year is determined on the basis of actuarial valuation carried out by the Insurer's actuary on the basis of projected unit credit method as confirmed to the Company. Company's contributions are charged to the Profit and Loss Account. Profits and losses arising out of actuarial valuations are recognised in the Profit and Loss Account as income or expense.

The Company provides for the encashment of leave subject to certain rules. The employees are entitled to accumulated leave subject to certain limits, for future encashment/availment. In Float SBU the liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of actuarial valuation using projected unit credit method. Liability on account of short term employee benefits comprising largely of compensated absences, bonus and other incentives is recognised on an undiscounted accrual basis. Termination benefits are recognised as an expense in the Profit and Loss Account.

In the Subsidiary Company, gratuity liability is provided as per the contract with the respective employees.

h) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. Transactions outstanding at year end are translated at exchange rates prevailing at the year end and the profit/loss so determined is recognised in the Profit and Loss Account.

Exchange differences in respect of liabilities incurred to acquire fixed assets prior to 1st April, 2004 are adjusted to the carrying amount of such fixed assets.

In respect of transactions covered by forward exchange contracts the difference between exchange rate on the date of the contract and the year end rate/settlement date is recognised in the Profit and Loss Account. Any premium/discount on forward contract is amortised over the life of the contract. Any profit or loss arising on cancellation or renewal of such a contract is recognised as income or expense for the period.

i) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

j) Taxation

Provision for current tax, fringe benefit tax and wealth tax is made based on the liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is virtual certainty and convincing evidence that there will be sufficient future taxable income available to realise such assets.

k) Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment of assets. If any such indication exits, impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts. In case there is any indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, the recoverable value is reassessed and the reversal of impairment loss is recognised as income in the Profit and Loss Account.

l) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made.

Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

NOTES ON ACCOUNTS

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2627 Lakhs (Rs. 4502 Lakhs) (net of advances).

3. Contingent Liabilities for : Rs. Lakhs

		As at 31st March, 2008	As at 31st March, 2007
a)	Bank guarantees and letters of credit outstanding	**4005**	4375
b)	Claims against the Company not acknowledged as debts (excluding interest and penalty which may be payable on such claims)		
i)	Excise and custom duty (including referred in Note No. 6)	**2583**	2607
ii)	Disputed income tax demands	**17**	37
iii)	Corporate Guarantees	**5166**	–
iv)	Channel Financing from Bank	**1427**	–
v)	Others	**118**	37

4. Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of this act is not expected to be material.

5. Purchases of raw materials during the year are net of quality claims against the suppliers including claims of Rs. 209 Lakhs (Rs. 503 Lakhs) yet to be settled. Adjustment for difference, if any, will be made in accounts on finalisation of the claims.

6. a) In a previous year, in Auto SBU of the Company, Custom and Central Excise Settlement Commission settled Excise Duty Liability at Rs. 368 Lakhs (excluding interest) out of which the Company had accepted liability of Rs. 56 Lakhs and paid the same alongwith interest of Rs. 20 Lakhs. The matter was decided in favour of the Company by the High Court of Delhi against which SLP of the Excise Department has been accepted by the Supreme Court of India.

b) Deputy Commissioner of Customs (Original Authority) in a previous year issued an order imposing additional custom duty of about Rs. 1606 Lakhs (Rs. 1606 Lakhs) on the value of project imports made by erstwhile Float Glass India Ltd. (amalgamated with the Company with effect from 1st April, 2002). On appeal by the Company, Commissioner Customs (Appeals) set aside the above order on 25th November, 2002 against which the Commissioner of Customs filed an appeal before the Customs Excise and Service Tax Appellate Tribunal. In a previous year the matter was remanded back to the Original Authority for fresh decision. The liability, if any, will be accounted on final decision by Original Authority.

7. Pursuant to Accounting Standard (AS)-11 notified as part of Companies (Accounting Standards) Rules, 2006 exchange rate fluctuations arising on loans/liabilities incurred for acquisition of Fixed Assets (other then capital projects under progress) are recognised in the Profit and Loss Account which were hitherto capitalised. Due to above change, the profit for the year is higher by Rs. 3908 Lakhs.

8. **Details of Deferred Tax Assets/(Liability) arising on account of timing differences are as follows :**

Rs. Lakhs

	As at 31st March, 2008	As at 31st March, 2007
Deferred Tax Assets/ (Liabilities)		
Unabsorbed depreciation/carried forward losses under Tax Laws *	**7489**	7866
Difference between book depreciation and depreciation under the Income Tax Rules	**(10389)**	(10316)
Expenses allowed for tax purpose on payment basis	**32**	28
Provision for doubtful debts and advances	**24**	24
Others	**–**	9
	(2844)	(2389)

* Without considering the effect of exchange difference on loan relating to fixed assets shown as income in the Profit and Loss Account as per Accounting Standard (AS)-11 which will be adjusted in the cost of fixed assets on payment basis in future years.

9. **Capital work in progress comprises of the following :** Rs. Lakhs

	As at 31st March, 2008	As at 31st March, 2007
Building under construction	**178**	3949
Plant and Machinery under erection	**3729**	11951
Electrical installations under erection	**41**	821
Capital advances	**1079**	2287
Pre-operative expenses	**118**	1189
Others	**36**	21
	5181	20218

10. **Earnings Per Share (EPS) :** Rs. Lakhs

	2007-08	2006-07
Profit after tax as per Profit and Loss Account	**877**	4358
Less : Tax Adjustments of Earlier Years	**33**	26
Less : Preference Dividend Including Tax thereon *	**–**	–
Profit Attributable to Equity shareholders - (A)	**844**	4332
Basic/Weighted average number of Equity Shares outstanding - (B)	**159927586**	159927586
Nominal Value of Equity Shares (Re.)	**1/- each**	1/- each
Basic/Diluted Earnings Per Share (Rs.) - (A)/(B)	**0.53**	2.71

* Rounded off to Nil.

11. During the year the subsidiary has changed the method of providing depreciation from Written Down Value Method to Straight Line Method for Fixed Assets. In accordance with Accounting Standard (AS)-6 "Depreciation Accounting" issued by the Institute of Chartered Accountants of India, depreciation has been recalculated with retrospective effect. Consequent to the above change-

   a) There is an excess charge of depreciation of Rs.17 Lakhs relating to earlier years which has been written back.

   b) The depreciation charge for the year is lower by Rs. 5 Lakhs.

   c) The Profit before Tax for the year and Net Block of fixed assets at the year end is higher by Rs. 22 Lakhs.

12. Related Party Disclosures under Accounting Standard (AS)-18 :

   a) List of Related Parties

      i) Associates : AIS Adhesives Ltd., Asahi India Map Auto Glass Ltd., Vincotte International India Assessment Services (P) Ltd.

      ii) Enterprises owned or significantly influenced by key management personnel or their relatives:

      Shield Autoglass Ltd., Samir Paging Systems Ltd., R. S. Estates (P) Ltd., Nishi Electronics (P) Ltd., Maltex Malsters Ltd., Essel Marketing (P) Ltd., Allied Fincap Services Ltd., Usha Memorial Trust, ACMA, Krishna Maruti Ltd.

      iii) Key Management Personnel and their relatives :

      Directors : Mr. B. M. Labroo, Mr. Sanjay Labroo, Mr. P. L. Safaya, Mr. K. Kojima, Mr. Arvind Singh

      Relatives : Mrs. Kanta Labroo, Mrs. Rajni Safaya, Mrs. Vimi Singh

      iv) Other related parties where control exists : Asahi Glass Co. Limited, Japan and its subsidiaries - AGC Flat Glass Asia Pacific Pte. Ltd., Asahi Glass Machinery Co. Ltd., Asahi Glass Phillipines, Inc., Glavermas Pte Ltd., Glavermas Mirrors Pte Ltd., Glaverbel S. A., Asahi Glass Ceramics Co. Ltd., P. T. Asahimas Flat Glass TBK Indonesia, AGC Automotive Thailand Co. Ltd.

b) Transactions with Related Parties : Rs. Lakhs

Nature of Transaction	Associates		Enterprise owned or significantly influenced by key Management Personnel		Key Management Personnel and their relatives		Others	
	Volume of transactions for the year ended		Volume of transactions for the year ended		Volume of transactions for the year ended		Volume of transactions for the year ended	
	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
1. Expenses								
- Purchase of materials	–	–	–	–	–	–	7990	1530
- Purchase of traded goods	–	–	–	–	–	–	–	358
- Business promotion expenses	–	–	29	29	–	–	–	–
- Remuneration to directors	–	–	–	–	228	261	–	–
- Directors sitting fee	–	–	–	–	1	1	–	–
- Rent paid	–	–	18	18	15	14	–	–
- Fee for technical and consultancy services	–	–	–	–	–	–	1007	152
- Donation	–	–	1	1	–	–	–	–
- Training expenses	–	–	–	1	–	–	–	–
- Repairs and Maintenance	–	–	–	–	–	–	34	21
- Miscellaneous Expenses	–	–	–	–	–	–	4	–
- Royalty	–	–	–	–	–	–	1894	746
- Dividend	–	–	–	–	–	–	–	444
- Membership and Subscription	–	–	2	1	–	–	2	–
2. Income								
- Sale of goods etc.	2516	1883	–	–	–	–	142	–
- Interest/Commission received	*	–	–	–	–	–	133	–
3. Purchases of Capital Goods	–	–	–	–	–	–	7914	7431
4. Balance as on	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
- Loans and advances	25	–	18	18	10	10	47	2583
- Creditors	–	–	3	3	78	134	3394	3712
- Debtors	767	356	–	–	–	–	26	–
- Foreign Currency Loan	–	–	–	–	–	–	19154	20753

Note : Related party relationship is as identified by the Company on the basis of available information and accepted by the Auditors as correct.

* Rounded off to Nil.

13. Segment Information : Rs. Lakhs

a) Information about Primary Business Segments

Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Segment revenue					
External	49656	49975	5106		104737
	(44304)	(28611)	(4747)		(77662)
Inter segment sales (Net of excise duty)	71	5720	684	(6475)	–
	(142)	(1447)	(1769)	(-3358)	–
Other income			605		605
			(1278)		(1278)
Total revenue	49727	55695	6395	(6475)	105342
	(44446)	(30058)	(7794)	(-3358)	(78940)
Segment result	7650	2132	(167)		9615
	(6555)	(2200)	(-43)		(8712)
Unallocated Income (net of expenses)			258		258
			(1255)		(1255)
Operating profit	7650	2132	91		9873
	(6555)	(2200)	(1212)		(9967)
Interest expense			8492		8492
			(3547)		(3547)
Interest income			23		23
			(23)		(23)
Income taxes - Current Tax			213		213
			(491)		(491)
- Deferred Tax			455		455
			(1997)		(1997)
- Fringe Benefit Tax			136		136
			(95)		(95)
- MAT Credit Entitlement			(207)		(207)
			(-474)		(-474)
Taxes paid for earlier years			33		33
			(26)		(26)
Net profit	7650	2132	(9008)		774
	(6555)	(2200)	(-4447)		(4308)
Other information					
Segment assets	67639	113797	14145		195581
	(57227)	(104765)	(16153)		(178145)
Total assets	67639	113797	14145		195581
	(57227)	(104765)	(16153)		(178145)
Segment liabilities	8018	10372	2486		20876
	(8430)	(10256)	(4057)		(22743)
Share capital and reserves			29171		29171
			(28927)		(28927)
Minority Interest			12		12
			(112)		(112)
Secured and unsecured loans			142678		142678
			(123974)		(123974)

Rs. Lakhs

Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Deferred Tax Liability			2844		2844
			(2389)		(2389)
Total liabilities	8018	10372	177191		195581
	(8430)	(10256)	(159459)		(178145)
Capital expenditure	9643	3146	2074		14863
	(12387)	(22342)	(5470)		(40199)
Depreciation/Amortisation	3862	5630	708		10200
	(3252)	(2846)	(450)		(6548)
Depreciation/Amortisation Written Back	–	–	(17)		(17)
	(Nil)	(Nil)	(Nil)		(Nil)
Non cash expenses other than depreciation/amortisation	–	–	2		2
	(12)	(Nil)	(2)		(14)

b) Information about Secondary Business Segments

Rs. Lakhs

Particulars	India	Outside India	Total
Revenue by Geographical Market			
External	103891	7926	111817
	(77871)	(4427)	(82298)
Less: Inter segment sales (Net of excise duty)	6475		6475
	(3358)		(3358)
Total	97416	7926	105342
	(74513)	(4427)	(78940)

14. Previous year's figures have been regrouped/rearranged, wherever found necessary. Figures in brackets above are in respect of previous year.

15. Figures have been rounded off to Rs. Lakhs.

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Consolidated Cash Flow Statement

Rs. Lakhs

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period Adjustments	1399		6515	
Adjustment for :				
Depreciation and Amortisation of Intangible Assets	10182		6548	
Impairment Loss provided/(Reversed)	(17)		6	
(Profit)/Loss on sale of fixed assets and assets discarded (Net)	19		(1186)	
(Profit)/Loss on sale of Long Term Investments	–		(67)	
(Profit)/Loss on sale of Current Investments	(5)		(1)	
Deferred revenue expenditure written off	2		14	
Interest paid	8492		3547	
Interest received	(23)		(23)	
Dividend received	(7)		(8)	
Operating Profit before working capital changes	20042		15345	
Adjustment for :				
Trade and other receivables	(1513)		(7424)	
Inventories	(12420)		(9173)	
Trade payable	(1210)		9535	
Cash Generated from Operations	4899		8283	
Interest paid	(8492)		(3547)	
Direct taxes paid	(382)		(612)	
Cash Flow before Perior Period Items	(3975)		4124	
Prior Period Adjustments (Net)	5		(72)	
Net Cash used in Operating Activities		(3970)		4052
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets, including capital				
work in progress	(14864)		(40135)	
Sale of fixed assets	462		1760	
Sale of investments	36		190	
(Profit)/Loss on sale of Long Term Investments	–		67	
(Profit)/Loss on sale of Current Investments	–		1	
Dividend received on investments	7		8	
Interest received	23		23	
Net Cash Used in Investing Activities		(14336)		(38086)

Rs. Lakhs

	2007-2008		2006-2007	
	Amount	Amount	Amount	Amount
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Equity Shares	5		8	
Proceeds of long term borrowings	7545		19864	
Net proceeds of short term borrowings	11159		17436	
Redemption of Preference shares	(600)		–	
Dividend and dividend tax paid	–		(2281)	
Net Cash from Financing Activities		18109		35027
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		(197)		993
Cash and Cash Equivalent as at 1st April, 2007 (Opening Balance)	1778		785	
Cash and Cash Equivalent as at 31st March, 2008 (Closing Balance)	1581		1778	

Notes :

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

ii) Figures in brackets represent outflows.

iii) Previous year figures have been restated wherever necessary.

As per our report of even date
For **Jagdish Sapra & Co.**
Chartered Accountants

On behalf of the Board of Directors

Jagdish Sapra
Partner
M. No. 9194

B. M. Labroo
Chairman

Sanjay Labroo
Managing Director &
Chief Executive Officer

Shailesh Agarwal
Chief Financial Officer

Meenu Juneja
Head- Legal &
Company Secretary

Place : New Delhi
Dated : 6th May, 2008

Place : Gurgaon
Dated : 6th May, 2008

Report of the Directors

To the Members,

The Directors are pleased to present their 4th Report along with audited accounts of the Company for the year ended 31st March, 2008.

Financial Highlights

(Rs. Lakhs)

	2007-08	2006-07
Sales	898.29	2189.36
Other Income	60.13	63.69
Profit/(Loss) Before Depreciation and Tax	(289.52)	141.68
Less : Depreciation/Amortisation	132.46	21.50
Profit/(Loss) Before Tax	(421.98)	120.18
Less : Provision for Income Tax	–	11.00
Less : Provision for Fringe Benefit Tax	6.30	8.00
Profit/(Loss) After Tax	(428.28)	101.18

Operations

During 2007-08 your Company acquired certain movable and immovable assets from its holding company, Asahi India Glass Ltd. (AIS), with the intent of commencing manufacturing operations at the architectural glass unit at Roorkee. This unit provides certain key benefits and advantages like fiscal incentives in the form of tax exemptions and proximity to the largest glass consuming market in North India.

The Gross income of the Company for the year was Rs. 958.43 lakhs and the total expenditure amounted to Rs. 1380.41 lakhs. Loss before tax amounted to Rs. 421.98 lakhs.

Share Capital

In accordance with the equity partcipation scheme approved by the Board of Directors and the Shareholders of the Company, your Company futher alloted 52,000 equity shares of Rs. 10/- each at par during the year to key employees and Directors of the Company for motivation and promotion of participative spirit in the Company. Subsequent to the allotment, the paid-up capital of the Company stands increased to Rs. 393.60 lakhs.

Dividend

The Directors have not recommended any dividend for the financial year 2007-08.

Directors

In terms of provisions of Section 256 read with Section 255 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company, Mr. Kunwar Narayan, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

The necessary resolution for obtaining approval of the Members have been incorporated in the notice of the ensuing Annual General Meeting of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby state and confirm that :

i) in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit/loss of the Company for the period from 1st April, 2007 to 31st March, 2008.

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the annual accounts for the financial year ended 31st March, 2008 have been prepared on a going concern basis.

Fixed Deposits

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and, as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

Auditors and Auditors' Report

The Statutory Auditors of the Company M/s. Jand & Associates, Chartered Accountants hold office till the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

The Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made at the ensuing Annual General Meeting, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The observations of the Statutory Auditors in the Auditors' Report are explained, wherever necessary in the appropriate Notes to the Accounts.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The information relating to conservation of energy, research & development, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below:

Form - A

Conservation of Energy

Power and Fuel Consumption	2007-08	2006-07
Electricity Purchased (KWH)	10,37,967	Nil
Total Amount (Rs. Lakhs)	37.04	Nil
Rate Per Unit (Rs.)	3.57	Nil

During the year under review, efforts were made to conserve energy to the maximum extent by monitoring of energy consumption and avoiding wastage of energy in every possible way.

Consumption per unit of production

Energy consumption per square meter production of architectural glass was as under:

Total Energy Consumed (KWH)	10,37,967
Total units produced (sqm)	1,12,564
KWH/sqm	9.22

Form - B

Technology Absorption and Research & Development

During the year under review the following steps were taken to improve on process efficiencies:

a) Installation of flat lamination machine

b) Installation of material handling equipments.

c) Installation of horizontal tempering furnace.

d) Installation of auto sealing machine to the insulated glass line.

Form - C

Foreign Exchange Earnings and Outgo

Foreign exchange outflow on account of import of capital goods, travel and training fee amounted to Rs. 108.80 lakhs. Previous year foreign exchange out flow on account of import of software, advertisment, exhibition and travel amounted to Rs. 5.37 lakhs. There were no foreign exchange earnings during the year.

Particulars of Employees

No employee of the Company was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Industrial Relations

During the year under review, industrial relations in the Company were cordial and peaceful.

Acknowledgement

Your Directors hereby place on record their sincere appreciation for the continued assistance, guidance and support received from the customers, bankers, vendors and the Government authorities.

Your Directors acknowledge with gratitude the efforts put in by the employees at all levels and for the continued patronage and support extended by our valued Shareholders.

On behalf of the Board of Directors

Place : New Delhi — **Sanjay Labroo**, Director — **Kunwar Narayan**, Director

Dated : 24th May, 2008

Auditors' Report

The Members,
AIS Glass Solutions Ltd.
New Delhi.

1. We have audited the attached Balance Sheet of AIS Glass Solutions Ltd. as at March 31, 2008 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent these are applicable.

4. Further to our comments in the Annexure referred to above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that prima facie none of the directors is disqualified from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956 as at March 31, 2008.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

      (ii) in the case of Profit and Loss Account, of the loss for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **Jand & Associates**
Chartered Accountants

Pawan Jand
Prop.
M.No. 80-501

Place : New Delhi
Dated : 24th April, 2008

Annexure to the Auditors' Report

(Referred to in Para 3 of our report of even date)

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As per information and explanations given to us, the fixed assets have been physically verified by the management during the year and no material discrepancy was noticed on such verification.

c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.

ii. a) As per information and explanations given to us, the inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedure of verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and as per information and explanation given to us, no material discrepancy has been noticed between physical stock and book records on such verification.

iii. a) The Company has advanced an inter-corporate deposit of Rs.25,00,000/- to AIS Adhesives Ltd, a Company under the same management and appearing in the register maintained under section 301 of the Companies Act, 1956 during the year. Except this the Company has neither granted nor taken any loans secured or unsecured to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

b) As per information and explanation given to us, in our opinion, the rate of interest and other terms and conditions of the inter-corporate deposit advanced by the Company are not prejudicial to the interest of the Company.

c) As per information and explanation given to us both principal and interest are not yet due for payment.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. Further, on the basis of our examination and according to information and explanations given to us we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.

v. a) According to information and explanations given to us, the Company has entered in to the Register maintained under section 301 all such transactions, which needs to be entered into such Register.

b) According to the information and explanations given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, and aggregating during the year to Rs. 5,00,000 or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

vii. In our opinion and according to the information and explanations given to us, the Company has an internal audit system, however the same needs to be strengthened to make it commensurate with the size of the Company and nature of its business.

viii. The maintenance of cost records for the Company's business has not been prescribed by the Central Government under Section 209 (1) of the Companies Act, 1956.

ix. According to the information and explanation given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.

x. The Company was incorporated on July 19, 2004 and has not yet completed five years from the date of registration and hence Clause (x) of the order is not yet applicable to the Company.

xi. The Company has not defaulted in repayment of dues to financial institution. The Company has not made any borrowings from any banks or by way of debentures.

xii. As per information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is neither a nidhi/mutual benefit fund/society hence Clauses xiii of the order is not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments and hence Clause xiv of the order is not applicable to the Company.

xv. As per information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institution.

xvi. As per information and explanations given to us Company has applied the term loans for the purpose for which these were obtained.

xvii. As per information and explanation given to us the Company has not used funds raised on long-term basis for short-term investments and the Company has not raised any funds on short-term basis.

xviii. The Company has made preferential allotment of shares during the year to parties covered in the Register maintained under section 301and as per information and explanation given to us such allotment of shares is not prejudicial to the interest of the Company.

xix. The Company has not issued any debentures during the year.

xx. The Company has not raised money by way of public issue during the year.

xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.

for **Jand & Associates**
Chartered Accountants

Pawan Jand
Prop.
M.No. 80-501

Place : New Delhi
Dated : 24th April, 2008

Balance Sheet

Rs.

	Schedule	As at 31st March, 2008		As at 31st March, 2007	
SOURCES OF FUNDS					
1 **Shareholders' Funds**					
Share Capital	1		39,360,000		38,840,000
2 **Loan Funds**					
Secured Loans	2		353,645,625		-
Total			393,005,625		38,840,000
APPLICATION OF FUNDS					
1 **Fixed Assets**	3				
a) Gross Block		493,207,672		12,341,420	
b) Less : Depreciation / Amortisation		17,697,984		4,460,597	
c) Net Block		475,509,687		7,880,823	
d) Capital WIP		44,553,508	520,063,195	-	7,880,823
2 **Investments**	4		-		3,181,094
3 **Current Assets, Loans and Advances**	5				
a) Inventories		25,251,527		-	
b) Sundry Debtors		40,307,661		35,428,214	
c) Cash and Bank Balances		10,754,438		20,028,346	
d) Other Current Assets		1,715,232		1,685,210	
e) Loans and Advances		20,678,380		19,182,884	
			98,707,238		76,324,654
Less: Current Liabilities and Provisions	6				
a) Current Liabilities		273,490,217		54,456,905	
b) Provisions		1,405,179		608,774	
		274,895,396		55,065,679	
Net Current Assets			(176,188,158)		21,258,975
4 **Miscellaneous Expenditure**	7		216,464		432,929
(to the extent not written off or adjusted)					
5 **Profit and Loss Account**			48,914,123		6,086,179
Total			393,005,625		38,840,000
Notes to the Accounts	13				

As per our report of even date
For **Jand & Associates,**
Chartered Accountants

On behalf of the Board of Directors

Pawan Jand
Prop.
M. No. 80-501

Sanjay Labroo
Director

Kunwar Narayan
Director

Anil Chhatwal
Head - Accounts

Kumudini Aggarwal
Company Secretary

Place : New Delhi
Dated : 24th April, 2008

Profit and Loss Account

Rs.

	Schedule	Year Ended 31st March, 2008	Year Ended 31st March, 2007
INCOME			
Turnover	8	89,829,393	218,935,635
Other Income	9	6,013,377	6,368,822
		95,842,770	225,304,457
EXPENDITURE			
Materials & Manufacturing Expenses	10	45,800,702	165,464,680
Personnel Expenses	11	26,872,613	15,286,119
Selling, Marketing & Administration Expenses	12	51,904,726	30,169,191
Preliminary Expenses Written Off	7	216,465	216,465
Depreciation / Amortisation	3	14,983,456	2,149,809
Depreciation on Adjustment	3	(1,737,248)	-
		138,040,714	213,286,264
Profit/(Loss) Before Tax		(42,197,944)	12,018,193
Less: Provision for Taxation:			
Income Tax		-	1,100,000
Fringe Benefit Tax		630,000	800,000
Profit/(Loss) After Tax		(42,827,944)	10,118,193
Profit/(Loss) Brought Forward		(6,086,179)	(16,204,372)
Loss Carried to Balance Sheet		(48,914,123)	(6,086,179)
Basic/Diluted EPS (Note to Notes to Accounts)		(10.91)	2.63
Notes to the Accounts	13		

As per our report of even date
For **Jand & Associates,**
Chartered Accountants

On behalf of the Board of Directors

Pawan Jand
Prop.
M. No. 80-501

Sanjay Labroo
Director

Kunwar Narayan
Director

Anil Chhatwal
Head - Accounts

Kumudini Aggarwal
Company Secretary

Place : New Delhi
Dated : 24th April, 2008

Schedules to the Accounts

Rs.

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each	**50,000,000**	50,000,000
	50,000,000	50,000,000
Issued, Subscribed and Paid Up		
39,36,000 (Previous Year 38,84,000) Equity Shares of		
Rs.10/- each fully Paid Up	**39,360,000**	38,840,000
	39,360,000	38,840,000

Note: Out of the above 2960000 (Previous Year 2960000) equity shares are held by Asahi India Glass Limited, the holding company.

SCHEDULE 2 : SECURED LOANS		
Banks		
Foreign Currency Term Loan	353,645,625	-
	353,645,625	-

Note:

1. Foreign Currency term loan from EXIM Bank of India is secured by way of Exclusive Charge on the entire fixed assets situated at the Roorkee Unit of the company and First pari-passu charge on the entire current assets situated at the Roorkee Unit.

SCHEDULE 3 : FIXED ASSETS Rs.

Description	Gross Block				Depreciation/ Amortisaion				Net Block	
	As At 1st April, 2007	Additions	Deductions	**As At 31st March, 2008**	As At 1st April, 2007	For the Year	On Deduction/ Adjustment	**As At 31st March, 2008**	**As At 31st March, 2008**	As At 31st March, 2007
TANGIBLE ASSETS										
Leasehold Land	-	30,476,000	-	**30,476,000**	-	175,426	-	**175,426**	**30,300,574**	-
Factory Building	-	211,107,813	-	**211,107,813**	-	3,766,969	-	**3,766,969**	**207,340,844**	-
Office Buildings (On Lease)	833,740	290,114	-	**1,123,854**	514,681	136,063	-	**650,744**	**473,110**	319,059
Plant & Machinery	-	170,405,050	-	**170,405,050**	-	7,222,369	-	**7,222,369**	**163,182,681**	-
Office Equipments	1,626,202	2,511,687	-	**4,137,889**	367,974	193,727	242,398	**319,303**	**3,818,586**	1,258,228
Computers	3,006,186	3,252,693	49,500	**6,209,379**	1,644,387	778,296	821,308	**1,601,375**	**4,608,004**	1,361,799
Electrical Installations & Fitting	344,107	58,103,990	-	**58,448,097**	85,645	1,490,084	54,233	**1,521,496**	**56,926,601**	258,462
Furniture & Fixtures	2,616,970	2,914,665	-	**5,531,635**	817,754	353,520	509,871	**661,403**	**4,870,232**	1,799,216
Vehicles	1,125,340	-	-	**1,125,340**	217,160	127,276	135,291	**209,145**	**916,195**	908,180
	9,552,545	479,062,012	49,500	**488,565,057**	3,647,601	14,243,730	1,763,101	**16,128,230**	**472,436,827**	5,904,944
INTANGIBLE ASSETS										
Computer Software	2,462,520	1,853,740	-	**4,316,260**	685,022	691,488	-	**1,376,510**	**2,939,749**	1,777,498
Product Designs	326,355	-	-	**326,355**	127,974	65,271	-	**193,245**	**133,110**	198,381
	2,788,875	1,853,740	-	**4,642,615**	812,996	756,759	-	**1,569,755**	**3,072,860**	1,975,879
Total Current Year	12,341,420	480,915,752	49,500	**493,207,672**	4,460,596	15,000,489	1,763,101	**17,697,984**	**475,509,687**	7,880,823
Total Previous Year	9,220,078	3,157,617	36,275	12,341,420	2,329,032	2,149,809	18,244	4,460,597	7,880,823	6,891,046
Capital Work in Progress (including capital advances)									44,553,508	-

Notes :

Capital work in progress comprises of the following :-

	As at 31st March, 2008	As at 31st March, 2007
Machinery under erection	44,553,508	-

Rs.

	As at 31st March, 2008		As at 31st March, 2007	
SCHEDULE 4 : INVESTMENTS				
Current Investment				
(Non Trade at Cost)				
NIL (Previous Year 236148.989) Units of HDFC				
Liquid Fund - Growth (Sold during the Year)		-		3,181,094
		-		3,181,094
NOTE: Market Value of the Investments Rs. NIL (Previous Year Rs. 35,13,000/-)				
SCHEDULE 5 : CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Inventories				
(As taken, Valued and certified by Management)				
Stores and Spare parts	6,037,004		-	
Raw Material	13,360,412		-	
Finished Goods	3,479,912		-	
Work in Progress	2,292,751		-	
Scrap / Wastage	81,448		-	
	25,251,527		-	
Sundry Debtors				
(Unsecured considered good)				
Over six months	8,543,155	-	8,119,481	-
Less: Provisions for Doubtful Debts	3,464,689	5,078,466	-	8,119,481
Others		35,229,195		27,308,733
		40,307,661		35,428,214
Cash and Bank Balances				
Cash on Hand		106,745		61,431
Balances with Scheduled Banks				
- on Current Account		10,647,693		19,966,915
		10,754,438		20,028,346
Other Current Assets				
(Unsecured considered good)				
Deposits with Government and others		1,715,232		1,685,210
LOANS AND ADVANCES				
(Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received		17,266,078		18,841,618
Loan to AIS Adhesives Ltd, Company under the same management		2,500,000		-
Advance Taxes:				
Income Tax		-		-
Fringe Benefit Tax		-		-
Tax Deducted at Sources		912,302		341,266
		20,678,380		19,182,884

	As at 31st March, 2008	As at 31st March, 2007
		Rs.
SCHEDULE 6 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors		
Due to Micro and Small Enterpries *	-	-
Others	243,701,639	33,649,761
Deposits from Customers	15,150,000	17,000,000
Advance from Customers	9,455,650	2,266,137
Other Liabilities	4,734,006	1,541,007
Intrest Accrued but not due	448,922	-
	273,490,217	54,456,905
Provisions		
Employee Benefits	976,378	309,973
Fringe Benefit Tax (Net of taxes paid)	428,801	298,801
	274,895,396	54,766,878
* As per the information available with the Company		
SCHEDULE 7 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	432,929	649,394
Less: Written off during the Period	216,465	216,465
	216,464	432,929
SCHEDULE 8 : TURNOVER		
Sale of Architectural Glass	87,546,302	218,935,635
Sale-Scrap	1,195,252	-
Sale-Others	1,087,839	-
	89,829,393	218,935,635

Rs.

	As at 31st March, 2008		As at 31st March, 2007	
SCHEDULE 9 : OTHER INCOME				
Profit on Sale of Current Investments		476,712		681,094
Interest Received [Tax Deducted at Source Rs.28149/-		124,225		1,000,000
(Previous Year Rs. 224400/-)]				
Misc. Income		2,845,360		4,687,728
Foreign Exchange Fluctuation-Gain		2,567,080		-
		6,013,377		6,368,822
SCHEDULE 10 : MATERIALS & MANUFACTURING				
Raw Material Consumed		43,047,238		-
Manufacturing Expenses :				
Power Expenses	3,703,636		-	
Stores and Spare Consumed	3,454,385		-	
Repair & Maintenance- Plant	1,248,765		-	
Misc Expenses	200,789		-	
		8,607,575		-
Less: Increase in Stock				
Opening Stock				
- Finished and Traded Goods	-		-	
- Work in Progress	-		-	
- Waste	-		-	
		-		-
Closing Stock				
- Finished and Traded Goods	3,479,912		-	
- Work in Progress	2,292,751		-	
- Scrap / Wastage	81,448		-	
	5,854,111	(5,854,111)	-	-
Purchase of Finished & Traded Goods		-		165,464,680
		45,800,702		165,464,680

Rs.

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 11 : PERSONNEL		
Salaries	23,721,218	13,391,542
Contribution to Provident & Other Fund	918,726	642,637
Staff Welfare Expense	1,883,616	614,586
Recruitment and Training Expenses	349,053	637,354
	26,872,613	15,286,119

	As at 31st March, 2008	As at 31st March, 2007
SCHEDULE 12 : SELLING, MARKETING AND ADMINISTRATION		
Packing & Forwarding(Net)	4,674,013	8,593,046
Advertisement & Marketing Expenses	1,277,484	3,457,415
Meets & Exhibitions	155,917	273,481
Market Training Programmes	-	109,761
Travelling and Conveyance	5,398,404	4,616,592
Rent	2,372,956	2,076,412
Rates & Taxes	312,843	153,610
Legal & Professional Fees	7,467,557	1,013,776
Auditors Remuneration	893,262	1,044,732
Repair & Maintenance:		
Buildings	1,157,828	1,465,596
Plant & Machinery	484,498	97,530
Others	1,659,350	1,527,543
Office Supply & Stationery	952,200	612,920
Telephone & Communication	2,812,807	2,666,468
Insurance	545,181	-
Miscellaneous Expenses	383,501	722,129
Interest on Term Loan	16,232,408	-
Other Interest	1,237,142	1,206,173
Bad Debts & Provision for Doubtful Debts	3,887,375	532,007
	51,904,726	30,169,191

SCHEDULE 13: NOTES TO THE ACCOUNTS

1. Background

The Company was incorporated in July, 2004 with the objective to trade and provide services relating to the different kinds of architectural glass including toughened glass, laminated glass, insulated glass and glass products.

During the year the Company has set up manufacturing facility of Architectural Glass at Roorkee, Uttaranchal.

The accompanying accounts reflect the results of the activities undertaken by the Company during the year ended on 31st March, 2008.

2. Accounting policies as per Companies (Accounting Standard) Rules, 2006 issued by the Central Government:

a) Accounting Convention

i) Accounts have been prepared to comply in all material respects with applicable accounting principles in India, Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act, 1956.

ii) Financial Statements are based on historical costs and are prepared on accrual basis.

b) Fixed Assets

Both tangible and intangible are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets as well as proportionate share of expenses incurred prior to the production. Building on lease comprise of cost of additions and allocations carried out as well as brokerage paid for taking the same on lease.

Capital works in progress includes expenditure incurred till date for the machinery under the process of installation.

c) Inventories

Inventories are valued at lower of cost or net realizable value. The basis of determining cost for various categories of inventories are as follows:

Stores, Spares Parts and Raw Material	Weighted average cost.
Work in Process & Finished Goods	Material cost plus proper share of production overheads, duties and taxes wherever applicable.
Raw Material in Transit	At purchase cost.

d) Investments

Investments are stated at the cost price.

e) Revenue Recognition

Sales are recognized as soon as goods are dispatched and are recorded net of returns, trade discounts, trade taxes etc.

f) Cost of Raw Material and Stores Consumed

Consumption of Raw Material and Stores is accounted for based on actual consumption as per Requisition Slip.

g) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transactions.

Current assets, current liabilities and loans denominated in foreign currencies and outstanding at year end are translated at the rates prevailing on the date of the Balance Sheet and resultant exchange loss/gain is dealt in Profit & Loss Account.

h) **Retirement Benefit**

Company's contribution to Provident Fund and Provision for Gratuity & Leave Encashment is charged to the Profit & Loss Account. Provision for Gratuity is provided as per contract with the respective employees. Provision for Leave Encashment is provided as per Company policy and Leave accrued till date of Balance Sheet.

i) **Depreciation**

Tangible Assets

Depreciation on tangible asset except those on lease is provided on the Straight Line Method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956.

Intangible Assets

Intangible asset are amortized over a period of five years on a pro-rata basis.

Leasehold Assets

Leasehold assets are depreciated over the period of lease.

j) **Taxes on Income**

Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences; being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realized. The tax effect is calculated on the accumulated timing difference at the year end based on the tax rates and laws enacted or substantially enacted on the Balance Sheet date.

The Company is entitled to tax holiday for a period of Five (5) years under section 80 IC of the Income Tax Act, 1961 and timing differences arising and getting reversed during the tax holiday period as per AS-22 are not being considered.

k) **Preliminary Expenses**

Preliminary Expenses are amortized over a period of five years.

l) **Segment Reporting**

The Company trades only in one business segment i.e. architectural glass and has made sale only in one geographical area i.e. India. Therefore AS-17 on Segmental Reporting is not applicable to the Company.

3. **Notes to Accounts:**

1. Contingent Liabilities: NIL

2. Capital Commitments: NIL

3. Auditors Remunerations:

	As at 31-03-2008	As at 31-03-2007
- as auditor	Rs. 7,50,000/-	Rs.7,50,000/-
- as management advisor	Rs. 45,000/-	Rs.1,80,000/-
- service tax	Rs. 98,262/-	Rs.1,14,732/-

4. **Related Party disclosures**

List of Related Parties:

i. **Enterprise having control over reporting enterprise:** Asahi India Glass Limited

ii. **Enterprise significantly influenced by Key Management Personnel:** AIS Adhesives Limited.

iii. **Key Management Personnel:** Mr. Sanjay Labroo, Mr. Arvind Singh, Mr. Kunwar Narayan and Mr. P.L. Safaya (All are Directors)

Transaction with Related Parties:

Nature of Transactions	Enterprise having control over reporting enterprise		Enterprise significantly influenced by Key Management Personnel		Key Management Personnel	
	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
Purchase of Fixed Assets:						
Asahi India Glass Limited	498417430	—	—	—	—	—
Purchase of material for sale:						
Asahi India Glass Limited	—	165464680	—	—	—	—
Purchase of Raw Material, Power, Consumables:						
Asahi India Glass Limited	69592573	—	—	—	—	—
Purchase of Material for Advertisement:						
Asahi India Glass Limited	—	1103891	—	—	—	—
Packing Cost paid :						
Asahi India Glass Limited	—	5652636	—	—	—	—
Commission Received:						
Asahi India Glass Limited	2794037	3281797	—	—	—	—
Sale of Raw Material, Compressed Air and Consumables:						
Asahi India Glass Limited	1649838	—	—	—	—	—
Interest Received:						
Asahi India Glass Limited	108197	1000000	—	—	—	—
AIS Adhesives Limited	—	—	16027	—	—	—
Interest Paid:						
Asahi India Glass Limited	15755037	—	—	—	—	—
Lease Rent Paid:						
Asahi India Glass Limited	9	—	—	—	—	—
Equity Contribution:						
Asahi India Glass Limited	—	—	—	—	—	—
Mr. Sanjay Labroo	—	—	—	—	—	—
Mr. Kunwar Narayan	—	—	—	—	400000	400000
Mr. Arvind Singh	—	—	—	—	—	—
Mr. P. L. Safaya	—	—	—	—	—	—
Advance paid to Supplier:						
Asahi India Glass Limited	—	15000000	—	—	—	—
Loan given:						
AIS Adhesives Limited	—	—	2500000	—	—	—

5. Earning per Share

Particulars	31-03-2008	31-03-2007
Net Profit (Loss) available for equity shareholders	(Rs. 4,28,27,944/-)	Rs.1,01,18,193/-
Number of Weighted Average number of shares	3924230	3845841
Basic/Diluted Earning Per Share	(Rs. 10.91/-)	Rs. 2.63

6. Impairment of Assets

There is no impairment of assets as on 31-03-2008.

7. Additional Information as required by Part II of Schedule VI of the Companies Act, 1956:

1. Particulars of Installed Capacity (as certified by the Management on which auditors have placed reliance) and Production:

Product	Unit	Installed Capacity	Actual Production
Architectural Glass	Sq. Mtr.	984000	112564

2. Purchases, Sales, Opening Stock and Closing Stock of Architectural Glass

(Qty in Sqm.) (Amount in Rs.)

Year	Sale		Purchase		Opening Stock		Closing Stock	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
31-03-2008	104081	90515686	NIL	NIL	NIL	NIL	8483	3479912
31-03-2007	127679	218935635	128767	165464680	NIL	NIL	NIL	NIL

3. Raw Material Consumed:

(Qty in Sqm.) (Amount in Rs.)

Product	Quantity	Amount
Raw Glass	152777	42611277
PVB	1638	435961

4. Value of Spare parts and components consumed:

(Amount in Rs.)

Product	31-03-2008	31-03-2007
Raw Material		
- Imported	Nil	Nil
- Indigenous (100%)	43047238	Nil
Spare Parts and Component		
- Imported	Nil	Nil
- Indigenous (100%)	3454385	Nil

5. CIF Value of Import:

(Qty in Sqm.) (Amount in Rs.)

Particulars	31-03-2008	31-03-2007
Capital Goods - Machineries (Capital WIP)	Rs. 1,07,03,007/-	Nil
Capital Goods - Software	Nil	Rs.16,762/-

6. Expenditure in Foreign Currency:

Particulars	31-03-2008	31-03-2007
Advertisement	Nil	Rs.1,41,436/-
Exhibition	Nil	Rs. 2,14,424/-
Software	Nil	Rs.16,762/-
Travel	Rs.1,05,230/-	Rs. 1,64,160/-
Training Fee	Rs. 71,860/-	Nil

7. Earning in Foreign Currency: NIL

8. The Company is entitled to tax holiday for a period of Five (5) years under section 80 IC of the Income Tax Act, 1961 and timing differences arising and getting reversed during the tax holiday period as per AS-22 are not being considered.

9. The Company has changed the method of depreciation from Written Down Value Method to Straight Line Method with retrospect effect. Net effect of the change with respect to earlier years has resulted in write back of depreciation by Rs. 17,37,248/- which in turn has increased the Fixed Assets and reduced the loss for the year by the said amount. Further, had the Company continued to use the earlier Method of providing depreciation, the depreciation charge for the current year would have been higher by Rs.4,95,201/- and the net Block of Fixed Asset would correspondingly have been lower by the said amount.

10. In the opinion of the Board, all the current assets, loans and advances have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated in the balance sheet.

11. Loans & Advances includes Rs. NIL (Previous Year Rs. 1,50,00,000/-) paid to Asahi India Glass Limited, holding company, in the course of business as standing advance against supply of goods. Maximum amount outstanding during the year was Rs. 1,50,00,000/-.

12. Sundry Debtors, some of the Current Liabilities and Advances are subject to confirmation/reconciliation.

13. Previous year's figures have been regrouped/rearranged, wherever found necessary to make them comparable with those of the current year.

As per our report of even date
For **Jand & Associates,**
Chartered Accountants

On behalf of the Board of Directors

Pawan Jand	Sanjay Labroo	Kunwar Narayan	Anil Chhatwal	Kumudini Aggarwal
Prop.	Director	Director	Head - Accounts	Company Secretary
M. No. 80-501				

Place : New Delhi
Dated : 24th April, 2008

Cash Flow Statement

Rs. Lakhs

	This Year		Previous Year	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit(Loss) before tax and extraordinary items	(42,197,944)		12,018,193	
Adjustments for:				
Depreciation and Amortisation of Assets	13,246,208		2,149,809	
Deferred revenue expenditure written off	216,465		216,465	
Operating Profit(Loss) before working capital changes	(28,735,271)		14,384,467	
Adjustments for:				
Trade and Other Receivables	(4,414,717)		(25,664,736)	
Inventories	(25,251,527)		-	
Trade Payables	219,699,717		7,881,116	
Cash Generated from Operations		161,298,202		(3,399,153)
Increase in deferred revenue expenditure		-		-
Cash Flow before Extraordinary/Prior Period Items		161,298,202		(3,399,153)
Loss on Sale of Fixed Asset		16,647		8,031
Profit on Sale of Investments		(476,712)		(681,094)
Foreign Exchange Fluctuation-Gain		(2,567,080)		-
Net Cash Flow from Operating Activities		158,271,057		(4,072,216)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets, including capital work in progress	(525,452,227)		(3,147,617)	
Sale of Investments	3,657,806		15,000,000	
Sale of Fixed Assets	7,000			11,852,383
Loan to Company under the same Management	(2,500,000)			
Interest Received on Deposits	12,395			
Net Cash Flow from Investing Activities		(524,275,026)		
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Equity Shares	520,000		840,000	
Secured Loan	356,210,062		-	
Net Cash Used in Financing Activities		356,730,062		840,000
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)		(9,273,907)		8,620,167
Cash & Cash Equivalent - Opening		20,028,346		11,408,179
Cash & Cash Equivalent - Closing		10,754,438		20,028,346

Notes:

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (AS 3) on Cash Flow Statement issued by the Institute of Chartered Accountant of India.
2) Figures in brackets represent outflow.
3) The Company has undrawn borrowing facilities of Rs. 11,78,81,875/- from EXIM Bank which may be available for future operating activities.

As per our report of even date
For **Jand & Associates,**
Chartered Accountants

On behalf of the Board of Directors

Pawan Jand
Prop.
M. No. 80-501

Sanjay Labroo
Director

Kunwar Narayan
Director

Anil Chhatwal
Head - Accounts

Kumudini Aggarwal
Company Secretary

Place : New Delhi
Dated : 24th April, 2008

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 127666 State Code 55

Balance Sheet Date 31 03 2008

II. Capital Raised during the year (Amount in Rs.Lakhs)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	5.20

III. Position of Mobilisation & Deployment of Funds (Amt. in Rs.'Lakhs)

Total Liabilities	Total Assets
3930.05	3930.05

Sources of Funds

Paid up Capital	Reserves & Surplus
393.60	NIL
Secured Loans	Unsecured Loans
3536.45	NIL

Application of Funds

Net Fixed Assets	Investments
5200.63	NIL
Net Current Assets	Miscellaneous Expenditure
–1761.88	2.16
Accumulated Losses	
489.14	

IV. Performance of Company (Amount in Rs.Lakhs)

Turnover / Income	Total Expenditure
958.42	1380.40
+/- Profit / (Loss) before tax	+ / - Profit/(Loss)after tax
– 421.98	– 428.28
Earning per Share (in Rs.)	Dividend
–10.91	NIL

V. Generic Names of Three Principal Products / Service of Company

Toughened Tempered Glass	Ch. H. No. 7004-10

As per our report of even date
For **Jand & Associates,**
Chartered Accountants

On behalf of the Board of Directors

Pawan Jand	**Sanjay Labroo**	**Kunwar Narayan**	**Anil Chhatwal**	**Kumudini Aggarwal**
Prop.	Director	Director	Head - Accounts	Company Secretary
M. No. 80-501				

Place : New Delhi
Dated : 24th April, 2008