

24th Annual Report 2008-09


Look Within : Look Beyond



Asahi India Glass Ltd.

Forward - Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable stakeholders to comprehend the prospects of the Company and take informed decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements which may set out anticipated results based on the management's plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe" and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Asahi India Glass Limited (AIS) was established in 1987 with the prime objective of providing international quality automotive safety glass to the rapidly expanding automobile industry in India. Over the years, AIS has grown from a one-customer one-plant setup to being the largest integrated glass company in India, manufacturing a wide range of automotive safety glass, float glass, architectural processed glass and glass products spanning across the entire glass value chain.

AIS has always believed that companies who deliver superior value to their shareholders are the ones which consistently deliver superior value to their customers and other stakeholders. In a difficult operating environment, AIS continued to do so, though in the process, incurred its first ever loss in 23 years of existence.

Being largely driven by domestic demand and consumption, the Indian economy seems to be recovering from the spill over effects of the global mayhem and with it, changes in the mindset of the investor. This is a positive sign for AIS which could not be decoupled with the global currents. AIS has crystallised the old adage – when the going gets tough, the tough gets going – in its operations and consequent thereto, has made numerous changes within itself which has further streamlined the flow of internal energy to synergise AIS to weather the global storm.

The time is ripe. There is light at the end of the tunnel opening up to a whole new world of great opportunities which shall be available to those who come out from the global grind with ease, those strengthen who utilise their core strengths. Those who swim against the tide. Those who 'Look Beyond' the end of the tunnel.

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,

2008-09 was a year of two phases. While, the first half of the year witnessed sharp increases in the prices of all commodity classes, with inflation reaching new highs (11%) and crude oil touching US\$145 per barrel, the second half of the year witnessed a financial turmoil in the western world leaving its scars on the Indian economy. What started as a housing crisis and the sub-prime crisis in the US has unexpectedly been contagious to all economies of the world, sucking out liquidity and severely restricting credit. Although Central Banks across the world intervened in an unprecedented manner hitherto, the crisis is yet to abate fully.

The Indian economy has also been negatively impacted with the global mayhem. From an average GDP growth of over 9% during the last three fiscals, India is estimated to grow around 6.5% in 2008-09 and forecast is that it will be around the same in 2009-10 also. Manufacturing growth touched an all time low at 2.4% during the above period. The automobile and the construction sectors of India – major customer sectors of your Company's products – have been severely affected by the economic slowdown.

Your Company has not been immune to the economic effects of 2008-09. During the first half, when demand was relatively buoyant, AIS faced soaring prices of key inputs and during the second half, when commodity prices stabilised, demand stagnated.

During 2008-09, the consolidated figures of AIS reflected gross sales growth at 17% to reach Rs. 1,38,387 lakhs, while net sales, at Rs. 1,23,831 lakhs, reflected a year-on-year growth of 24%. Earning before interest, depreciation and taxes (EBIDTA) declined by 27% to Rs. 14,583 lakhs, mainly due to increase in material costs and power & fuel costs compared to the previous year and impact of foreign exchange fluctuation. Profit after tax (PAT) went into negative territory with a loss for the year amounting to Rs. 4,270 lakhs (profit after tax of Rs. 807 lakhs in 2007-08). The significant contributors to this were an increase in depreciation of 15% (Rs. 11,706 lakhs in 2008-09; Rs. 10,183 lakhs in 2007-08) and 50% increase in interest costs (Rs. 12,698 lakhs vis-à-vis Rs. 8,492 lakhs). AIS has also been negatively impacted by 30% depreciation of Indian rupee against US Dollar in 2008-09. The Company reported losses of Rs. 3,833 lakhs on account of foreign exchange fluctuation in 2008-09 vis-à-vis foreign exchange gains of Rs. 5,269 lakhs in 2007-08.

In spite of the above financials, there are quite a few things of which your Company can be proud of. AIS's Auto Glass SBU continued its dominance as the premier supplier of auto glass products.

Nearly, every automobile manufacturer in India considers AIS to be a 'vendor of choice' not only for its existing models but also for the new models that are developed or brought into India. During the year, your Company gained new customers and deepened its relationship with existing ones. AIS Auto Glass has also been appreciated by its customers for its quality and delivery. Maruti Suzuki India Ltd. awarded AIS for 'Outstanding Overall Performance' and Mahindra & Mahindra Ltd. and Tata Motors Ltd. have separately certified your Company's quality excellence. Toyota Kirloskar Motors Ltd. has selected your Company as one of the seven Original Equipment (OE) vendors to set up a sub - assembly unit in their proposed supplier park for their upcoming small car project.

Size, scale and presence across the entire value chain - from float glass to value-added glass and overall glass solutions - are some of the fundamentals of AIS that is unmatched by any other player in India. The skills and knowledge base that your Company has developed over the years, especially for engineered glass products, is second to none. And, most importantly, it continues to deliver on the trust and confidence reposed by its customers.

2008-09 was a tough year - no doubts on that. But great companies use tough times to learn and improve themselves and, in this, your Company is no exception. We have, therefore, embarked on a special program of 'Look Within'. Through the 'Look Within' initiative, AIS is focussing on several stiffer internal targets in productivity, inventory management, receivables management, product mix and cash flow management to optimise efficiencies. Thereby, the Company is examining and adopting all possible internal measures that will enhance productivity, save costs, reduce all overheads wherever feasible and maximise working capital utilisation and cash flow. This is not a mere cost-cutting exercise - every process and activity within the organisation is being re-examined and re-worked with the ultimate objective of getting the best return from every rupee of capital employed.

With the advent of 2009-10 there are some signs of revival in the Indian economy. There is a stable government and the fiscal & monetary policy measures initiated during the past few months are starting to show results. There is hope that the economy and demand will grow stronger, probably by the third quarter of the current financial year.

With its inherent advantages and the efficiency measures being brought about through the 'Look Within' program, I feel confident that your Company can 'Look Beyond' - to a better and brighter future. 'Look Beyond' shall ensure that in this temporary-difficult phase, AIS does not lose sight to continue to position itself as "concept-to-completion" player

in the entire glass value chain and thereby tread its focussed growth path set before the global mayhem. The 'Look Within' concept shall ensure that AIS emerges as a stronger and leaner Company. The focus therefore is: Look Within - Look Beyond.

During the year, Mr. P. L. Safaya, aged 62 years, resigned from the Company as Director & C.O.O. (Float) w.e.f. 17th November, 2008 after a stellar career of 23 years with AIS. On behalf of the Board of Directors of AIS, I thank Mr. Safaya for his valued contribution in the success and growth of AIS.

In conclusion, I would like to express my most heartfelt thanks to all our business partners, customers and bankers for their faith in us. My special thanks to the entire AIS team for all their valued sacrifices and unitedly facing an incredibly difficult year. I believe that, together, we will succeed in our efforts to sail through this rough tide.

Yours sincerely,



B.M. Labroo
Chairman

About AIS

AIS is the largest integrated glass company in India manufacturing a wide range of automotive safety glass, float glass, architectural processed glass and glass products spanning across the entire glass value chain. AIS has the distinct advantage of being the dominant supplier in the auto glass industry with back-to-back support from indigenous manufacturing of high quality float glass. From basic raw glass to the highly complex and engineered value added glass, AIS has world-class in-house manufacturing capabilities.

Jointly promoted by Labroo family, Asahi Glass Co. Ltd. (AGC), Japan and Maruti Suzuki India Ltd. (MSIL), AIS has emerged from a single-plant single-customer company in 1987 to a world class integrated glass company having 11 plants spanning across India.

AIS is a widely-held public limited Company listed on the National Stock Exchange and Bombay Stock Exchange with around 60,000 shareholders and stands committed to maintain highest standards of corporate governance and shareholder accountability.

AIS has 3 Strategic Business Units (SBUs):

- ▶ AIS Auto Glass – glass used in automotive applications
- ▶ AIS Float Glass – basic raw glass used for value addition
- ▶ AIS Glass Solutions – glass used for architectural applications

All the 3 SBUs are arched by the corporate functions of AIS which manage, support and coordinate the activities of the SBUs.



AIS Auto Glass

What started as a Company in 1987, is now the Auto Glass SBU of AIS having the distinct identity of being conferred the 'DEMING APPLICATION PRIZE'. The Deming Prize certifies the outstanding performance improvements achieved through application of Total Quality Management (TQM).

AIS Auto Glass continues to be India's largest manufacturer of automotive safety glass in India supplying high quality auto glass to almost the entire passenger vehicles industry in India. AIS Auto Glass commands almost 80% share of auto glass requirement of the passenger car industry. In addition, AIS Auto Glass also exports its products in the after-markets of Europe, South East Asian and other neighbouring countries.

Having been awarded the Deming Prize, AIS Auto Glass is committed to take forward its legacy of TQM and to continue to meet the higher aspirations and demands of its esteemed customers. AIS Auto Glass today, is the 'first choice' vendor for nearly all the Indian passenger car manufacturers.

AIS Auto Glass has 3 plants located in Bawal, Haryana & Roorkee, Uttarakhand (North India) and Chennai, Tamil Nadu (South India) and 3 sub-assembly units / warehouses at Halol, Gujarat & Pune, Maharashtra (West India), Bangalore, Karnataka (South India).

In 1987, AIS Auto Glass started operations with manufacturing toughened glass for automobiles. Today, it produces a complete range of automotive safety glass, engineered to the highest global quality standards. Among the products that AIS Auto Glass manufactures are included the following:

- ▶ Laminated windshield
- ▶ Tempered glass for sidelites and backlites
- ▶ Silver printed defogger glass
- ▶ Antenna printed backlites
- ▶ Black ceramic printed flush fitting glass
- ▶ Encapsulated fixed glass
- ▶ Solar Control Glass
- ▶ IR Cut Glass
- ▶ UV Cut Glass
- ▶ Reflective (PET) Windshield
- ▶ Water Repellent Glass
- ▶ Glass Antenna
- ▶ Extruded Windshield

Customer portfolio of AIS Auto Glass includes the major automobile companies in India like, Maruti Suzuki India Ltd., Hyundai Motors India Ltd., Tata Motors Ltd., Toyota Kirloskar Motors Ltd., Mahindra & Mahindra Ltd., Honda Sael Cars Ltd., and many others.

AIS Float Glass

AIS began its float glass operations in 2001, when it took over the erstwhile Floatglass India Ltd., with its operations in Taloja, Maharashtra (West India). What was a separate company before the merger is now the Float Glass SBU of AIS.

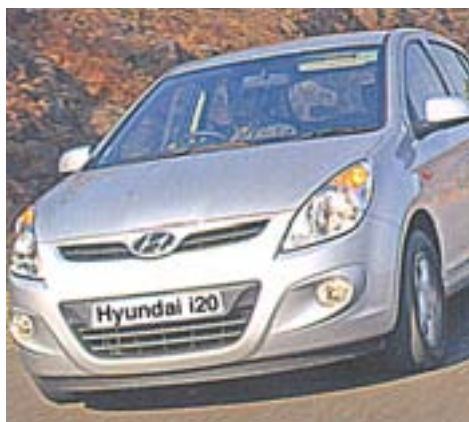
With the commissioning of its second float glass plant in Roorkee, Uttarakhand (North India), AIS Float Glass has the capacity of producing various forms and value-added varieties of glass such as heat reflective glass, coloured glass & mirror for various architectural and automotive applications. AIS Float Glass commands nearly 34% share in the Indian float glass market. In addition, AIS Float Glass also sells the entire range of AGC products in India, which cater mainly to the realty sector.

AIS Float Glass has the distinct advantage of superior technology from AGC and ready customer in the form of AIS Auto Glass.

AIS Float Glass manufactures the following products:

- ▶ 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.

In India, the products are distributed through a pan-Indian network of over 700 stockists. AIS Float Glass zonal offices in Chennai, Delhi and Mumbai, along with field and area representatives, ensure that AIS Float products reach across the country.



AIS Glass Solutions

AIS Glass Solutions was set up in 2004 as a subsidiary of AIS, with the objective of growing the group's presence in architectural glass solutions and value added glass products and services. Over the last 5 years, AIS Glass Solutions has emerged as India's biggest organised player in the architectural glass segment – manufacturing branded, value-added glass products and offering end users a complete solution for all their glass needs. AIS Glass Solutions supplies the following products:

- ▶ AIS Stronglas™ - impact resistant glass
- ▶ AIS Securityglas™ - burglar resistant glass
- ▶ AIS Acousticglas™ - sound resistant glass
- ▶ Glass products like AIS Shower Enclosure, AIS Tabletops, AIS Shelves etc.
- ▶ Solar-low-fe glasses

AIS Glass Solutions has 4 state-of-the-art glass processing facilities located at Bawal, Haryana & Roorkee, Uttarakhand (North India), Taloja, Maharashtra (West India) and Chennai, Tamil Nadu (South India).

The unit's distribution chain spread and initiatives ensure that the right glass and its most appropriate application are made available to the customer in the shortest possible time. To that effect, the sales people of AIS Glass Solutions are not only sellers of products; they also educate, suggest and partner with the customer for maximum value addition.

Look Within : Look Beyond

2008-09 has been one of the most turbulent and challenging years for most businesses. The global economic impacts have been sudden and deleterious both for Indian economy and India Inc. AIS is no exception.

During the economic boom from 2004-05 till the middle of 2008-09, AIS concentrated on increasing its size and capacities, creating 'best-in-class' quality products, expanding its footprints into various geographies instead of only improving its bottom line.

When a market so quickly and radically changes, it becomes impossible to carry on as before. Unless a company modifies speedily and use moments of challenge to introspect, improve performance and emerge stronger – ready to seize the opportunities when the tides of fortune turn. AIS recognises the same and in order to be able to maximise returns on all its internal assets – manufacturing, financial and human, the first and most important prerequisite is to : Look Within.

The 'Look Within' program in AIS is to introspect in areas where AIS can improve upon what it has been doing over the stellar growth path. It is another form of preparation for the future. Through the 'Look Within' program, AIS is preparing to 'Look Beyond' – to growth, prosperity and enhanced shareholder value in the coming years. There are great opportunities within distress – and AIS wishes to seize them to grow stronger.

LOOK WITHIN

The Sales Cycle

AIS Auto Glass

AIS Auto Glass has taken several key initiatives to maximise its revenues and meet customer expectations. In this difficult year, AIS Auto Glass made good headway in the exports after-market and has also commenced supplies to the commercial vehicles segment of the automotive industry. In the passenger car segment, where AIS Auto Glass has been the premier supplier in India, it has succeeded in procuring orders from global auto majors entering the Indian market during the last year. Besides, AIS has also deepened its relationship with its existing customers, partnering with them to supply auto glass for their new model launches. AIS Auto Glass has also executed long-term contracts for supply of glasses for the next round of metro coaches to be introduced in Delhi Metro. The 'Look Within' program has enabled AIS Auto Glass not only to broaden relationships, but to focus on steps that deepen existing relationships and develop new markets.

AIS is transforming itself from being a component supplier to becoming a systems supplier providing complete product solutions to its customers. To do so, the 'Look Within' program has also adopted three more areas: product innovation, improving design capabilities and optimising the outbound supply chain mechanism.

AIS Auto Glass has always focussed on constant innovation and has time and again delivered high quality innovative products that are admired by customers. These innovative products ensure that apart from meeting the standards of safety, comfort and design, meet the customer expectations. Following the tradition of innovation, AIS, in 2008-09, has developed plug-in windows, bullet resistant glass and similar engineering breakthrough products that have been well accepted by customers.

Customers in Original Equipment Manufacturers (OEM) segment are the major automobile companies in India who require 'Just in Time' supplies at their manufacturing lines. The situation gets even more complex given the volatility of the automobile industry, where manufacturers either introduce new models or upgrade existing models on demand patterns. To ensure that the right product reaches the customer at the right time, AIS has improved its outbound supply chain mechanism. In particular, an appropriate mix of the transportation alternatives has been utilised to ensure that deliveries are in tune with customer needs.

AIS Float Glass

AIS Float Glass primarily caters to the construction and interior decoration sectors which were adversely affected by the slowdown in the Indian economy. Moreover, clear float glass is more of a commodity item, where margins are relatively lower –especially compared to more 'sophisticated' value-added forms of glass. During these difficult times, AIS Float Glass is actively looking at new markets for its products and developing value-added products for customers. During the year, AIS Float Glass leveraged its capabilities to launch several new product categories and ensured that it has a right product mix to cater to the fast changing market. There were numerous new product launches–AIS Krystal™, AIS Opal™, AIS Décor™ range of valued-added glass, which were well accepted by the customers. The increased portfolio of 'value-added' products from AIS Float Glass not only provides innovative and superior products to the customers but also yield healthier margins. With the market migrating towards these high value-added products, AIS has an inherent advantage and is better placed to cater to this market.

AIS Float Glass has also intelligently expanded its customer base to several export markets, especially the countries which were relatively less affected from the global meltdown. This has not only helped AIS to generate superior realisations but also helped to reduce inventory in a stagnant domestic market.





To tide the winds, AIS Float Glass made several changes in the distribution mechanism of finished goods. "Consumption Centres" have been identified and detailed logistics options and routes are being worked out to reduce the overall distribution costs without compromising on timelines. Being a fragile product, glass is prone to breakages if not handled, packed or transported carefully. Though this risk is covered to a large extent by obtaining adequate insurance, AIS has had a threadbare re-look at all packing and forwarding processes so that precious working capital is not locked in the time lag cycle of breakages and insurance claims while simultaneously ensuring that customer satisfaction is guaranteed through quality supplies of the ordered quantities at the right time and place.

AIS Glass Solutions

AIS Glass Solutions, being a glass processor, had its share of challenges since the previous year was very challenging for the construction sector. AIS Glass Solutions met them by offering enhanced product range to its customers.

Besides, focussing on increasing the exports, there has been a diversified focus on supply of value-added glass to the rapidly growing solar industry in India. AIS Glass Solutions Ltd. is also the agent of the entire range of AGC's solar glass products in India.

The Manufacturing Cycle

AIS Auto Glass

There have been several initiatives as a part of the 'Look Within' program that have shown encouraging results in the manufacturing cycle. The entire manufacturing process has been rationalised and operational efficiencies increased to enhance per unit of output. This has been done through careful engineering coupled with 'lean manufacturing' practices, which target streamlining activities to generate greater synergies, achieve low cost self designed automation solutions and implement continuous improvement systems.

A fresh examination of the manufacturing process has resulted in considerable improvement in enhancing operational efficiency and productivity. With small capital expenditure outlays, existing production facilities have been upgraded, thus increasing productivity. Similarly, capabilities to produce complex shaped glasses have been introduced. Indigenous development of crucial machinery has given the AIS engineering team confidence to enhance their expertise from productivity engineering to capital goods innovation.

During the year, AIS Auto Glass has also installed processing facility that serves to the entire range of glazing needs for commercial vehicles - buses and trucks. This segment demands various kinds of multi-functional glazing glass products with complex shapes and superior visibility. AIS Auto Glass now has the complete range of products for commercial vehicles.

To supplement the on-going activities of Total Quality Management (TQM), AIS Auto Glass has implemented Total Productivity Management (TPM) programs at all its plants. TPM is a maintenance program which involves a newly defined concept for maintaining plants, equipment and reducing costs at all levels. TPM supplements TQM. The goal of the TPM program is to increase production while, at the same time, reducing defects, increasing employee morale and job satisfaction. Continuous exercise of implementing comprehensive maintenance programmes on machines with the objective of increasing efficiencies and reducing costs of shutdown and turnaround through series of TPM programs has shown very encouraging results. Several shop-floor activities have been initiated for eliminating wastages, improving equipment and product health. The initial results and experience have been encouraging; and AIS wishes to implement the TPM milestones through a planned manner.

Through all these initiatives, AIS has considerably increased productivity at all its plants. Increased productivity not only streamlines the working capital management, but also eases the pressure on fixed assets.

AIS Float Glass

Manufacturing float glass is immune to discretion. Unlike auto glass, float glass manufacturing is a continuous process. However, since both the float glass plants - Taloja & Roorkee - have been developed with different capabilities, AIS has, during the year, worked on rationalising the manufacturing lines through optimum product allocation to ensure productivity maximisation.

AIS has also taken the initiative to shield itself from being dependent on the warring oil prices so as to ensure having capabilities of operating its float glass manufacturing operations on alternate fuel, which is cheaper and stable.

Similarly, a renewed look at several other allied manufacturing activities has resulted in further streamlining the manufacturing cycle. AIS Float Glass takes pride in operating at best-in-class and competitive operating benchmarks.



AIS Glass Solutions

AIS Glass Solutions operates from its four architectural glass processing facilities located at Bawal - Haryana & Roorkee - Uttarakhand (North India), Taloja - Maharashtra (West India), Chennai - Tamil Nadu (South India) which cater to the spread of fabricators and project architects/consultants in their respective regions.

AIS Glass Solutions also made several similar changes in its operations to rationalise the manufacturing activities and streamline synergies to ensure it weathers the global storm.

The Procurement Cycle

AIS Auto Glass

As a 'Look Within' initiative, AIS Auto Glass has rationalised its procurement cycle through several initiatives which ensure 'Suppliers Delight' as part of wider initiative to ensure 'Stakeholder Delight'. AIS Auto Glass ensures that its vendors are best-in-class suppliers. As a special initiative during last year, to boost the morale of vendors, special vendor development programs were initiated which equipped vendors with superior management techniques, systems upgrades and improvement in efficiencies.

In addition, AIS Auto Glass has consciously looked into developing and implementing 'localisation strategies' for materials that were earlier imported.

This has considerably reduced procurement lead time. In case of AIS Auto Glass, any change in sourcing – domestic or overseas – requires to meet the quality parameters set by the customers, thus demanding greater analysis, planning and improvement of vendor capabilities.

‘Value Engineering’ was another new buzzword in AIS Auto Glass during 2008-09. Under the umbrella of value engineering, inter alia, packing was improved. For example, due to the fragile nature of glass as a material, AIS is continuously searching for better ways of packing and transporting. Using facilities to simulate the movements and impacts during the freight of glass – new light-weight pallets were designed which reduced breakage significantly.

AIS Auto Glass ensures that it continuously assesses suppliers’ operations & performance and works directly with them either through training or other activities to ensure adequate level of supplier performance. Overall sourcing of AIS Auto Glass has been extremely competitive. AIS has been successful to derive value from its procurement strategies.

AIS Float Glass

AIS Float Glass has focussed on three major components of manufacturing of float glass - raw materials, energy, logistics as a part of the ‘Look Within’ initiative, which aimed at reducing costs of the same. AIS has taken initiative to shield itself from being dependent on the warring oil prices by exploring and identifying alternate sources of energy, which is cheaper and stable.

Sand is an important raw material in the production of float glass. About 50% of the landed cost of sand is on account of logistics costs. It was studied that Uttarakhand has one of the finest quality of high quality glass grade sand in India, in the proximity of AIS’s Roorkee float glass plant. AIS is in the process of obtaining sand mining leases in Uttarakhand. This will save huge transportation costs to AIS resulting in the reduction of the costs of raw materials.

AIS Glass Solutions

Being in the same industry segment as AIS Auto Glass, AIS Glass Solutions faces the same challenges of rising input costs, mainly of key inputs like PVB, energy and float glass and adopted the same measures to negate its impact.

The Intangibles

Maximise Returns

AIS has, time and again over the years, ensured that it invests in cutting-edge technology and build adequate capacities to

cater to the growing requirements of the high value-added glass industry. It shall continue to do so. However, under the ‘Look Within’ program, capital expenditure programs in AIS are now being more thoroughly examined to ensure high returns on investment and short payback periods.

Current assets usually afford opportunities to unlock cash flow. Rationalising incoming and finished goods inventories and reducing debtors are two major areas where AIS is focusing in order to release cash locked in current assets. The initiative looks at how best manufacturing programs and customer needs can be aligned to supply chain processes so that the most appropriate inventory is maintained. Simultaneously, customer engagement is being ramped up across all SBUs in order to shorten the debtors’ cycle – especially in the aftermarket.

Minimise Waste

Minimising wastages across the entire business is non-negotiable in AIS. Not just for manufacturing processes, but every element of the business is examined for wasteful expenditure – whether direct or indirect – and are being eliminated. In addition, quality improvement programs are being continuously implemented across all processes in order to reduce manufacturing wastages.

Manage Risks

Identifying and mitigating business and operational risks can often mean the difference between failure and success. AIS identifies its risks in the areas of currency and funding and has put into place robust mechanisms to minimise these risks to the extent feasible. Commodity hedging and fund relationship management are some of the measures that the Company has adopted to mitigate these risks. Simultaneously, the Company has intensified its ‘knowledge management’ so that trends and concomitant risks can be identified in advance and dealt with promptly.

Nurture Relationships

‘Look Within’ does not only limit itself to the internal workings of AIS. The process also examines the interface with external stakeholders and how these interfaces can be best maintained and improved upon to improve corporate performance. To that effect, AIS strongly focuses on managing its relationships with all its stakeholders during this difficult period.

Industry leaders survive and grow – by redefining themselves. And ‘Look Within’ aims to do just that.

Look Beyond

At AIS, we believe, 'Look Within' is only one part, but not complete in itself. Companies that grow in spite of adverse conditions have the abilities to 'Look Beyond' the current, Look Beyond the obvious, 'Look Beyond' what everyone's looking at.

The first few months of 2009-10 are showing initial signs of economic recovery. Growth numbers are up; a stable government is in place and the unprecedented fiscal and monetary policy measures that have been initiated seem to be resulting in cautious economic optimism.

The glass industry is at a very challenging point. With the difficult operating environment and growing competition in the industry, companies are experimenting innovative ways, products and procedures to stay ahead of its peers. Large and integrated players need to break new ground, to continue to lead the way.

AIS is comprehensively examining each process of its business to see where efficiencies can be maximised, assets can be best utilised and the maximum returns can be achieved and how best to capitalise on opportunities of future.

As much as it is important to 'Look Within', it is equally impor-

tant for AIS to 'Look Beyond' – to anticipate the future. This

will involve creating products and processes that will go

beyond customer satisfaction and create stakeholder delight.

The 'Look Within' program has created a platform for AIS to

'Look Beyond' to an era of growth and prosperity. AIS feels

confident about the future.

Shareholders' Pledge

For AIS, 2008-09 has been a year of reversals if seen from a financial perspective. A combination of high input costs, tapering demand and a sharp depreciation of the rupee have meant that the Company has, for the first time in its twenty-three years of existence, posted a net loss in the books of accounts.

AIS believes in shareholder accountability and the sharing of fair rewards with its shareholders. This has been reflected over the Company's record of paying dividends for the last two decades. But, to ensure sustainable growth, capital resources and returns from them have to be maximised. In the light of the current difficult environment and with the objective of conserving resources, the Board of Directors has not recommended any dividend for 2008-09.

Latest economic indicators are showing some signs of improvement; however, the path back to growth and profitability will have to be hard

fought. There will be no 'quick fix' solutions – only an incessant focus on improving the Company's bottomline shall ensure AIS back with its past glory. AIS has already started this process, through its 'Look Within' initiative; the first positive signs are beginning to show. AIS pledges to continuously work on internal and external solutions that will help the Company to surge ahead with improved profitability and cash flow.

In the past, shareholder support, participation and appreciation have helped AIS scale heights of growth and profitability. In these difficult times, AIS needs even greater support and understanding from its shareholder community. Together, we can 'Look Beyond' the past two years to a phase when AIS will emerge stronger and the rewards will be there to savour.



ASAHI INDIA GLASS LIMITED

WELCOME ALL SHAREHOLDERS

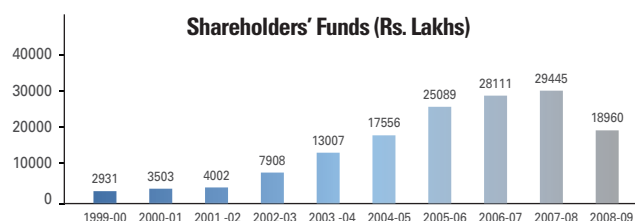
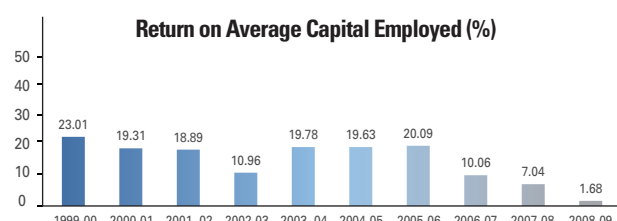
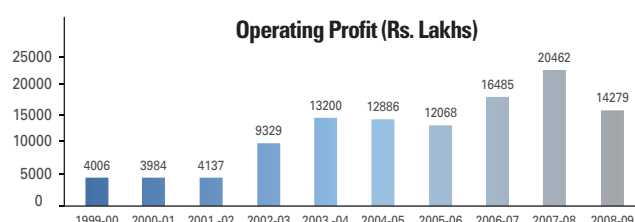
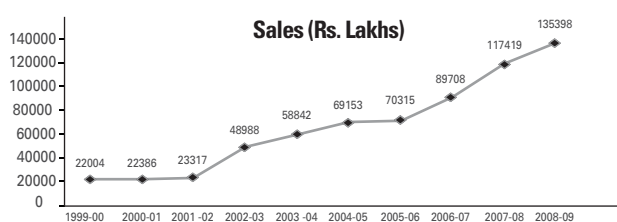
23rd ANNUAL GENERAL MEETING - 30th JULY, 2008



Ten Years' Financial Snapshot

(Rs. Lakhs)

Items	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Sales	22,004	22,386	23,317	48,988	58,842	69,153	70,315	89,708	1,17,419	1,35,398
Other Income	200	211	171	578	1485	741	365	2,263	6,006	1,154
Total Income	22,203	22,597	23,488	49,566	60,327	69,893	70,680	91,971	1,23,425	1,36,552
Operating Profit	4,006	3,984	4,137	9,329	13,200	12,886	12,068	16,485	20,462	14,279
Interest	755	582	485	787	242	316	1,083	3,545	8,476	12,433
Gross Profit	3,251	3,402	3,652	8,542	12,958	12,570	10,985	12,940	11,986	1,846
Depreciation	1,606	1,927	1,744	4,385	5,006	4,032	631	6,527	10,050	11,349
Profit Before Tax	1,393	1,296	1,726	3,816	7,759	8,498	9,123	6,324	1,958	(9,576)
Tax	460	500	540	48	584	678	498	2,117	624	(5,516)
Profit After Tax	933	796	1,186	3,768	7,175	7,820	8,625	4,208	1,334	(4,060)
Paid-up Equity Capital	370	370	740	800	800	800	1,599	1,599	1,599	1,599
Reserves & Surplus	2,561	3,133	3,262	7,109	12,207	16,757	23,490	26,512	27,846	17,361
Shareholders' Fund	2,931	3,503	4,002	7,908	13,007	17,556	25,089	28,111	29,445	18,960
Loans										
- Interest Free Sales Tax loan	2,052	2,493	2,568	2,482	2,431	2,347	2,267	1,900	1,464	905
- Interest Free Foreign Currency Loan	-	-	-	22,681	20,881	20,881	21,299	20,753	19,154	24,213
- Interest Bearing loan	4,983	6,332	9,199	8,536	3,731	21,278	63,107	1,01,321	1,18,525	1,36,612
Capital Employed	9,316	10,138	13,273	41,315	39,609	50,195	63,801	1,32,467	1,63,853	1,76,468
Net Fixed Assets	7,165	9,153	8,932	33,608	30,424	48,052	97,311	1,30,308	1,29,537	1,39,309
Net Current Assets	2,300	2,863	5,828	8,861	10,718	14,009	14,793	24,174	41,303	38,334
Earning per share (Rs.)	25.22	21.51	16.03	4.71	8.91	9.69	6.17	2.63	0.83	(2.54)
Cash Earning per share (Rs.)	75.43	78.46	42.05	10.69	15.34	14.78	6.37	7.97	7.40	1.01
Dividend Pay out (%)	22.00	28.15	34.21	35.92	28.29	29.05	12.69	28.19	-	-
PBDIT/Average Capital Employed (%)	42.91	40.96	35.34	21.63	32.62	28.70	21.17	16.80	13.81	8.39
ROACE (%)	23.01	19.31	18.89	10.96	19.78	19.63	20.09	10.06	7.04	1.68
ROANW (%)	45.91	27.78	33.65	51.33	69.79	51.27	40.49	15.82	4.64	(16.78)



- 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.

- Face value of equity share is Re. 1/- from 2002-03 onwards.
 - Shareholders' funds does not include non-cumulative preference share capital.
 - Operating profit includes effect of exchange rate gain/loss.

Corporate Information

Board of Directors

B. M. Labroo

Chairman

Sanjay Labroo

Managing Director & C.E.O.

Keizaburo Kojima

Dy. Managing Director & C.T.O. (Auto)

Masayuki Kamiya

Director

Surinder Kapur

Director

Shinzo Nakanishi

Director

Keiichi Nakagaki

Director

Rahul Rana

Director

Gautam Thapar

Director

Arvind Singh

President (Glass)

Board Committees

Audit Committee

Surinder Kapur

Chairman

Rahul Rana

Member

Gautam Thapar

Member

Remuneration Committee

Gautam Thapar

Chairman

Surinder Kapur

Member

Keizaburo Kojima

Member

B. M. Labroo

Member

Rahul Rana

Member

Shareholders' / Investors' Grievance Committee

B. M. Labroo

Chairman

Sanjay Labroo

Member

Arvind Singh

Member

Meenu Juneja - Company Secretary & Compliance Officer

Statutory Auditors

Jagdish Sapra & Co.,
Chartered Accountants

Internal Auditors

Altran Control Solutions,
a unit of JC Bhalla & Co.

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 India

State Bank of Mysore
State Bank of Hyderabad
Standard Chartered Bank
The Jammu & Kashmir Bank Ltd.
ABN Amro Bank N.V.
The Hongkong & Shanghai
Banking Corporation Ltd.

Registered Office*

12, Basant Lok,
Vasant Vihar,
New Delhi – 110 057
Tel: (011) 2614 2288

Corporate Office

Global Business Park,
Tower – B, 5th Floor,
Mehrauli – Gurgaon Road,
Gurgaon-122 002 (Haryana)
Tel: (0124) 4062212-19, Fax: (0124) 4062244/88

AIS Auto Glass

Plants

94.4 Kms., National Highway 8,
Village - Jaliawas,
Tehsil - Bawal,
Dist. Rewari,
Haryana -123 501
Tel: (01284) 264306/366/367/274
Fax: (01284) 264185

Plot No. F - 76 to 81,
SIPCOT Industrial Park,
Irungattukottai,
Sriperumbudur Taluk,
Dist. - Kancheepuram
Tamil Nadu - 602 105
Tel: (044) 4710 3442/43
Fax: (044) 4710 3441

Plot No. T - 16,
MIDC Industrial Area, Taloja,
Dist. - Raigad - 410 208
Tel: (022) 27412256/
27411614/ 27410328/27412165
Fax: (022) 27412595

Sub-Assembly Units

No. 28 Challighatta Village Road,
Anchepalya, Mysore Road,
Bangalore - 560 074
Tel: (080) 28437139

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

AIS Float Glass

Plant

Plot No. T - 7,
MIDC Industrial Area,
Taloja,
Dist. Raigad - 410 208
Tel: (022) 39256000
Fax: (022) 27410449

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

17, Okhla Industrial Area,
Phase - IV,GF,
New Delhi - 110020
Tel: (011) 40548151-53
Fax: (011) 40548154

South & East

No. 2 - C, 1st Floor,
Ruby Regency,
Dinrose Estate,
New No. 69,
Chennai - 600 002
Tel: (044) 28542491
Fax: (044) 28542494

AIS Glass Solutions

Corporate Office

38, Okhla Industrial Area,
Phase - III,
New Delhi -110020
Tel: (011) 41001690-96
Fax: (011) 41001692

Sales Offices

414, Gundecha Industrial Estate,
Akurli Road (Near Big Bazar),
Western Express Highway,
Kandiwali (East)
Mumbai - 400101
Tel: (022) 32472689
Fax: (022) 67031181

Unity Point, No. 1-A,
14, Wood Street,
Bangalore - 560 025
Tel: (080) 41512634
Fax: (080) 41512636

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

*Shall shift to the below address w.e.f. 1st Sept, 09

Registered Office

38, Okhla Industrial Area,
Phase - III,
New Delhi -110020

Integrated Glass Plant

Plot - A, AIS Industrial Estate, Village Latherdeva Hoon,
Mangar Jhabrera Road, PO: Jhabrera,
Tehsil Roorkee, District Haridwar, Uttarakhand - 247 667
Tel: (01332) 224010/14/15/16/91, Fax: (01332) 224114

Management Discussion and Analysis

Economic Overview

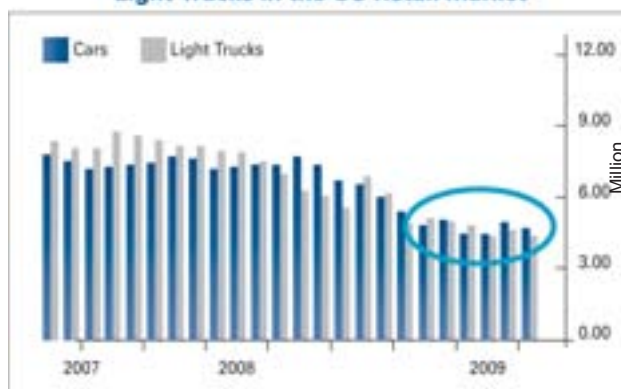
The Global Economy

What started as a 'housing crisis' and a 'sub-prime crisis' in the US economy around the middle of 2008, has turned into one of the sharpest global economic contractions in modern history – of the size and scale that has probably not been seen since the Great Depression. As credit conditions tightened and consumer confidence declined to new lows, companies around the world were shrinking production, cutting costs and adopting all possible measures to stay afloat.

According to the World Bank, global GDP is expected to contract by 1.7% in 2009 – the first decline in world output on record. The US economy is still in the middle of negative growth; the deseasonalised annualised growth for Q1 2009 (vs. Q4 2008) was (-) 6.2%, which was the third consecutive quarter where negative growth has been registered. Added to this, the US economy is also facing high unemployment and extremely low consumer confidence, with sharply dipping retail sales. During the last few weeks, however, there has been some encouraging data that has given rise to the 'green shoots' theory – first signs of recovery are being seen in the US and the world markets.

Auto companies in the US have been in deep financial crisis as reflected in Chart A. The US Administration has given US\$ 17.4 billion in support of its automotive industry, however, further loans will probably be needed, in conjunction with drastic cost cutting measures, before the industry can see some positives. Mergers and partnerships are also likely to take place if the US automotive industry is to survive and grow in the future.

Chart A: Seasonally Adjusted Sales of Cars and Light Trucks in the US Retail Market



The Euro zone economies, too, are facing deflationary pressures, especially Germany and Italy. Both these economies have shown quarter-on-quarter negative growth of (-) 8.2% and (-) 7.8%, respectively. High unemployment rates, significant structural rigidities and, in many countries, a poor budgetary situation have created a situation where the EU runs a risk of entering a long deflationary cycle. Japan's economy has shrunk by a staggering 12.1% year-on-year, with a correspondingly sharp fall in industrial production. The WTO projects that global trade may shrink by 9% in volume terms.

Governments across the world have been infusing substantial amounts of money in order to fight this liquidity crisis and to stimulate demand and spending. In addition to the US\$ 800 billion that has been pumped into the US economy, the G20, in April 2009, announced a stimulus package of US\$1.1 trillion. Central Banks across the world have also responded to the crisis by rapidly reducing policy rates and short-term interest rates. However, results of all these measures are awaited – with the hope that by the end of calendar 2009, there will be some light amidst the darkness.

India

The Indian economy, despite remaining fundamentally strong in the global downturn, has experienced several hiccups transmitted from the west through channels of trade and capital flows.

After a moderate slowdown in the first two quarters of 2008-09, the full impact of the crisis came to be seen in Q3 & Q4 2009. The recent GDP estimates released by Government of India reflect a GDP growth of around 6.5%. Industrial production has been falling rapidly over the last three quarters; manufacturing growth, which was at 8.2% for the whole of 2007-08, has shrunk to 2.4% for 2008-09. The manufacturing sub-sector has been particularly affected, with a decline of 0.2% during Q3 2008-09 compared to a growth of 8.6% for the same quarter in 2007-08.

RBI and Government have acted in concert to stem declining growth. Three rounds of fiscal stimulus and economic packages pumped substantial sums into the Indian economy leading to some visible signs of recovery. Construction has shown 7.2% growth. These are encouraging signs, especially for the float and architectural glass segments. Although RBI has made a series of interest rate cuts, commercial banks still have head-room to reduce interest rates and thereby boost credit offtake and economic activity. This is also the signal that is being sent out by the recently elected Government, which, after having received a convincing

mandate from the Indian population, should be able to aggressively pursue the path of economic recovery.

It is expected that the robust fundamentals and cautious approach shall help India come out strongly and promptly towards higher growth momentum with greater resilience than its western counterparts.

AIS: Financial Performance

2008-09 was a year of multiple challenges. During the first half of the year, the Company had to bear the brunt of high input costs. In the second half of the year, when commodity prices came down, the unprecedented economic slowdown resulted in demand contraction. Moreover, depreciation of the Indian Rupee against the US Dollar from Rs. 40 / US\$ to around Rs. 50 / US\$ negatively impacted AIS's bottomline through foreign exchange losses.

In spite of all these challenges, the net sales of AIS grew by 23% over the previous year. If the impact of foreign exchange fluctuation is excluded, operating profit of AIS increased by 18% over the previous year and operating cash flows have remained positive.

The financial highlights of AIS for 2008-09 are summarised below :

- ▶ Gross sales grew 15.31% - from Rs. 1,17,419 lakhs in 2007-08 to Rs. 1,35,398 lakhs in 2008-09. Net sales increased by 22.61% - from Rs. 99,353 lakhs in 2007-08 to Rs. 1,21,821 lakhs in 2008-09.
- ▶ Operating expenses (excluding the impact of foreign exchange fluctuations) increased by 28.03% during the year - from Rs. 84,897 lakhs in 2007-08 to Rs. 1,08,696 lakhs in 2008-09. A large part of this was on account of increase in material and manufacturing costs (28.9% increase over last year) and by power and fuel expenses (up by 17.5% over 2007-08)
- ▶ Foreign exchange fluctuations have also adversely impacted the Company's profitability. In 2007-08, AIS reported foreign exchange gain of Rs. 5,243 lakhs as compared to loss of Rs. 3,827 lakhs in 2008-09.
- ▶ Operating Profit decreased from Rs. 20,484 lakhs in 2007-08 to Rs. 14,206 lakhs in 2008-09 - a drop of 30.65%. If, however, the impact of foreign exchange fluctuation is to be eliminated, AIS's operating profit have increased by 18.32% - from Rs.15,241 lakhs in 2007-08 to Rs. 18,033 lakhs in 2008-09. At the PBIT level (excluding foreign exchange fluctuation), AIS has actually grown from Rs. 5,191 lakhs in the previous year to Rs. 6,684 lakhs in the current year - a growth of 28.76%.
- ▶ Profit after tax for the year was negative with a loss of Rs. 4,060 lakhs, compared to a profit of Rs.1,334 lakhs in 2007-08.

AIS Auto Glass

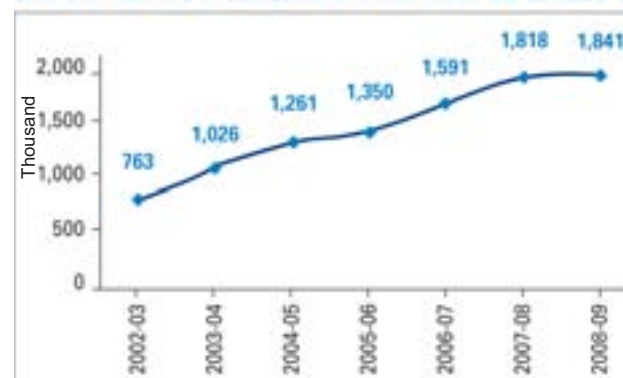
During 2008-09, AIS Auto Glass maintained its position as a premium manufacturer and supplier of high quality automotive safety glass to almost the entire automotive industry in India.

Industry Structure & Developments

AIS Auto Glass belongs to the auto components industry in India. This industry caters to requirements of the passenger and other vehicle manufacturers (Original Equipment Manufacturers) in India which source the industry's products for assembling into their vehicles. The fortune of the auto components industry is directly linked to the automotive industry of India.

Over a period of the last seven years, the passenger car segment (cars & MUVs) has grown at a Compounded Annual Growth Rate (CAGR) of 15.81%, with car production showing a CAGR of 16.58%. The growth of vehicle production from 2002-03 to 2008-09 in India is shown in Chart B.

Chart B: Vehicle Production in India: 2002-03 to 2008-09



Year 2008 started on a promising note with the launch of the 'world's cheapest car' in January, 2008. Moreover, the Union Budget for 2008-09 reduced excise duties on passenger vehicles from 16% to 12%, thus making cars more affordable. However, as the year progressed, the economic slowdown and the resultant liquidity crunch and higher interest rates started negatively impacting automobile sales. Cumulative production data of the auto industry for fiscal 2008-09 reflected a 2.96% growth over the previous year. Passenger vehicles grew at 3.44% year-on-year, while commercial vehicles recorded a 24.02% decline in growth.

In the domestic market, sales of passenger vehicles grew marginally by 0.13% over 2007-08, with passenger cars showing 1.31% growth and multi-purpose vehicles showing 5.69% growth respectively. Commercial vehicle sales, on the other hand, declined sharply with an overall decline of 21.69% in which Medium and Heavy

Commerical Vehicles (MCV / HCV) shrank by 33.16% and Light Commercial Vehicles (LCV) reduced by 7.10%.

Exports, on the other hand, saw a growth of 23.61% with all segments except commercial vehicles, registering positive growth. Passenger vehicles grew by 53.73%, however, exports of commercial vehicles, declined by 27.67% during this period.

In spite of the slowdown, there are some clear positives for the Indian automotive industry. The Indian economy is largely driven by domestic demand, and therefore is, to some extent, insulated against global liquidity pressures. The Indian middle class is a growing segment and aspirational demand for cars is a key driver. The automobile work force is trained and relatively low-cost compared to the developed economies. Consequently, there is a renewed interest in India from global car makers. Thus, the turnaround and growth of the automotive sector in India is likely to be sharper and faster than the rest of the global economy.

Performance

AIS Auto Glass is the dominant supplier of auto glass to automobile manufacturers based in India, supplying variety of high quality windscreens (front and rear) and glass windows (full glass and quarter glass). These are made either from laminated glass or tempered glass.

In 2008-09, sales volume of AIS Auto Glass grew by 5.54% in laminated windshields and decreased by 2.26% for tempered glass. In value terms, however, due to reduction in excise duty during the year, sales grew marginally by 0.65% - from Rs. 57,248 lakhs in 2007-08 to Rs. 57,621 lakhs in 2008-09. Export sales of auto glass grew by 34.48% from Rs. 2,593 lakhs in 2007-08 to Rs. 3,487 lakhs in 2008-09. Table 1 gives the details of production and sales of AIS Auto Glass during 2008-09 in comparison to 2007-08.

with some of the automotive majors for their proposed new vehicles and is hopeful that these will result in even more new business in the coming year. During the year AIS Auto Glass increased its share of business in the commercial vehicle segment with Mahindra 'Navistar' and is also negotiating new businesses with other leading commercial vehicle manufacturers.

Apart from the automotive industry, as part of expanding the product portfolio, AIS Auto Glass has also introduced some new and non-traditional products (eg. bullet resistant glass, plug-in window etc.) during the year and has also executed long term contracts for supply of specially designed metro coach glasses for the new trains of Delhi Metro.

Operations

During 2008-09, AIS Auto Glass continued to operate smoothly from its three manufacturing plants located at Rewari, Haryana & Roorkee, Uttarakhand (North India) and Chennai, Tamil Nadu (South India) and 3 sub-assembly units / warehouses at Halol, Gujarat & Pune, Maharashtra (West India) and Bangalore, Karnataka (South India). Most of the facilities of AIS Auto Glass are strategically located close to its customers so as to reduce time & cost of logistics.

During the year, AIS Auto Glass expanded its capacity to manufacture laminated windshield at its Chennai plant as per schedule. With this expansion the installed capacity for manufacturing of laminated windshields has been enhanced to 1.5 million laminated windshields. The major technological highlight of this project is that almost all the equipments have been developed and manufactured in-house by the AIS engineering team, at a cost which is substantially lower than that being offered by the best equipment manufacturers and with no compromise on efficiencies or quality of finished products.

Table 1 : Production and Sales of AIS Auto Glass

	2008-09	2007-08	Change %
Production (Quantity)			
Laminated Windshield (pieces)	22,47,416	21,66,386	3.74
Tempered Glass (sqm)	37,45,208	38,38,752	(2.44)
Sales (Quantity)			
Laminated Windshield (pieces)	22,60,716	21,41,958	5.54
Tempered Glass (sqm)	37,33,843	38,20,172	(2.26)
Gross Sales (Rs. Lakhs)	57,621	57,248	0.65

With the expanding market, AIS Auto Glass is strongly focused on gaining new customers and markets. In the passenger car segment, AIS Auto Glass successfully commenced supplies to several new launches eg. Maruti A-Star, Hyundai i20, Mahindra Xylo, Fiat Linea and Toyota Corolla Altis. AIS Auto Glass is in active discussions

During 2008-09, the Rewari plant saw some cost efficient automation projects that are geared to enhance productivity and product quality. Additionally, one tempering furnace was also upgraded to enable it to produce complex shaped glasses.

AIS Auto Glass has also been selected by Toyota Kirloskar Motors Ltd. (TKML), as one of the seven Original Equipment Manufacturers, to set up a sub – assembly unit in the ‘Supplier’s Park’ planned by TKML for its upcoming prestigious small car project. This sub-assembly unit will help TKML to achieve its ‘Just in Time’ (JIT) norms for raw material and production inventory and is being set up based on its world-class ‘Toyota Production Systems’ guidelines.

Table 2 lists some of the awards and recognitions that AIS Auto Glass has won during 2008-09.

Table 2: List of Awards received by AIS Auto Glass in 2008-09

Customer	Award
Maruti Suzuki India Ltd.	Outstanding Overall Performance Incoming Quality Improvement
Mahindra & Mahindra Ltd.	Best Performance in Quality
Tata Motors Ltd.	Excellence in Quality

Input Costs and Sourcing

Auto quality float glass and Poly Vinyl Butyral (PVB) are the two major inputs for the manufacture of auto glass.

The prices for these critical raw materials showed two different trends during the year. During the first half, float glass prices reached to unprecedentedly high levels, due to supply constraints and high prices of oil and soda ash (the key input materials for float glass). AIS Auto Glass tackled this by an accelerated conclusion of the supplier development program, introduction of new suppliers and educating customers about product substitutions.

The second half of the year saw sharp contractions in demand which also resulted in increased inventory and capacity shutdowns at the supplier end by the end of the year. Given these uncertainties in the procurement scenario, AIS Auto Glass is trying to negotiate long term contracts with its suppliers at current levels. The SBU will also continue its policy of procuring a substantial portion of its float glass requirements from AIS Float Glass, which would de-risk supply chain as well as provide for integration of efficiencies across the value chain.

PVB also witnessed similar trajectory with high costs and a tight capacity situation at the start of the year, followed by easing of prices and greater availability by the last quarter of 2008-09. The slowdown in the other major market for PVB (i.e. for photovoltaic cells) contributed to the excess supply situation. AIS Auto Glass continued its strategy of negotiating long-term

contracts and exploring alternate sources / products to remain competitive.

In addition to the sourcing initiatives mentioned above, AIS Auto Glass is also optimising its raw material inventory management which will cut down stocking levels and yield higher efficiencies.

Future Outlook

Off late, an encouraging upward trend is witnessed in the production and sales of automobiles – both cars and two/three wheelers. Overall, compared to April, 2008, the industry has grown 10.19% in production and 10.76% in sales. Domestic sales of passenger cars have grown by 4.36% as compared to the same month of the previous year. However, the commercial vehicle market still remained in negative territory. Exports have also stayed sluggish during this period.

Table 3 details the growth forecast for the automobile sector for 2009-10, which estimates an overall production growth of 3.29%, driven mainly by a growth of 9.20% in the passenger car segment. This should come about due to sales growth in smaller towns and cities, where the stimulus packages are likely to spur bank lending and demand for automobiles.

Table 3: Growth Forecast: Indian Automobile Sector

Segment	Vehicle Production (No. in thousands)			Growth %	
	Actual	Actual	Projected	Actual	Projected
	2007-08	2008-09	2009-10	08-09 vs. 07-08	09-10 vs. 08-09
Cars	1,519	1,593	1,739	4.90%	9.20%
MUV	299	258	251	(13.71%)	(2.71%)
Cars +MUV	1,818	1,851	1,990	1.80%	7.50%
LCV	264	232	245	(12.12%)	5.60%
MHCV	238	160	111	(32.77%)	(30.63%)
3 Wheeler	504	492	479	(2.38%)	(2.64%)
TOTAL	2,824	2,735	2,825	(3.20%)	3.29%

AIS Auto Glass is well positioned to exploit this growth scenario. Its engineering capabilities are well recognised and respected by its customers, which is the primary reason for its dominant market share in the Indian automotive glass segment. With new models being launched in the market, AIS Auto Glass will be actively pursuing growth opportunities that would grow its topline. Global majors are looking at sourcing automotive components from India. AIS Auto Glass has, by virtue of its engineering skills and focus on quality, demonstrated to global majors about its quality and ‘on time’ delivery capabilities.

Operating efficiencies along with supply chain initiatives that have been put in place during 2008-09 are expected to bring down the 'midline' costs. With the multiple exercises of market growth initiatives, efficiency optimisation and cost control, the SBU's EBIDTA margins are expected to rise during 2009-10 in line with its previous norms.

AIS Float Glass

AIS Float Glass produces multiple varieties of clear and value-added float glass from its units at Taloja and Roorkee. These are used both as input materials for the Auto Glass SBU as well as standalone products for various uses, especially in the building and construction sectors.

AIS Float Glass has a capacity of producing 1200 tonnes of float glass per day.

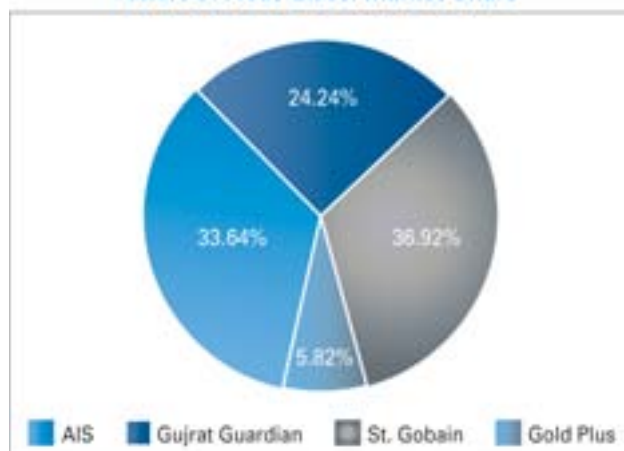
Industry Structure & Developments

The Indian float glass industry went through a difficult time in 2008-09. Due to the global economic slowdown, the two major customer segments for float glass - automobiles and construction witnessed sharp contractions resulting in lower offtake.

The sales of the Indian float glass industry declined around 4% in 2008-09 compared to 2007-08 and the total sales of flat glass industry (comprising of float and sheet glass) also declined around 3% in 2008-09. Apart from AIS, the major players in the float glass industry are Gujarat Guardian Ltd. and Saint Gobain Glass India Ltd. 2008-09 saw the commencement of operations of Gold-Plus Glass Ltd. There are few other companies whose float glass plants are under construction and may be operational in 2009-10.

AIS Float Glass commands 33.64% of the float glass sales in India. Chart C shows the market share of AIS and other float glass manufacturers.

Chart C: Float Glass: Market Share



The industry is slowly moving towards increased use of high value-added products.

Performance

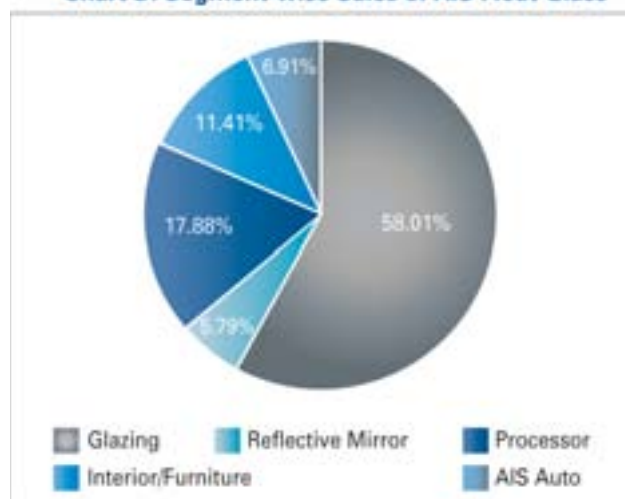
During the year, AIS Float Glass has reversed the market trend with sales increasing 30.33% to reach Rs. 70,358 lakhs as compared to Rs. 53,984 lakhs in the previous year. Table 4 gives the details of production and sales of AIS Float Glass during 2008-09 in comparison to 2007-08.

Table 4: Production and Sales: AIS Float Glass

	2008-09	2007-08	Change%
Production (csqm)	6,34,35,030	6,25,19,282	1.46
Sales (csqm)	6,03,93,163	4,64,88,674	29.91
Gross Sales (Rs. Lakhs)	70,358	53,984	30.33

AIS Float Glass has successfully launched new products like AIS Decor™, AIS Opal™ and AIS Krystal™ which have been received well in the market. The products are sold through a network of nearly 700 stockists across India to various segments. Chart D shows the segment-wise sales of the unit for the financial year 2008-09. AIS Float Glass also actively tapped the export market for volume growth with the result that total exports for the year was 74,297 MT – a growth of 91.40% over the previous year.

Chart D: Segment-wise Sales of AIS Float Glass



Significant new export markets were opened up in various geographies. AIS Float Glass will continue to focus on growing the export market in the current financial year.

Operations

AIS Float Glass continues to operate through its two manufacturing plants located at Roorkee, Uttarakhand (North India) and Taloja, Maharashtra (West India).

During 2008-09, AIS Float Glass focussed towards the right product mix of the series of the value-added products. The unit has also introduced a number of supply chain efficiencies, which have, in turn, reduced the 'time to market' and reduced inventory costs. The 'order to despatch' cycle has been streamlined, along with outbound transportation. A closer monitoring of the sales pattern has ensured that stock outs of fast moving items are minimised.

The float glass sales is, to a large extent, driven through the dealer networks. The unit has been nurturing the delivery chain over the past few years. This year was no exception. Trade schemes for dealers, dealer interface with AIS Float Glass sales and marketing teams, updated product brochures and other non-media publicity aids were prepared and distributed in order to disseminate product information to a wider audience.

AIS has been awarded as the 'Fastest Growing Glass Company in India' in 2008 by Construction World Award and has also received the 'Capexil Special Export Award' for the year 2007-08 in recognition of outstanding export performance of AIS Float Glass.

Input costs and sourcing

Soda ash, oil and sand are the key inputs for the manufacture of float glass. The prices of crude oil have swung erratically during 2008-09.

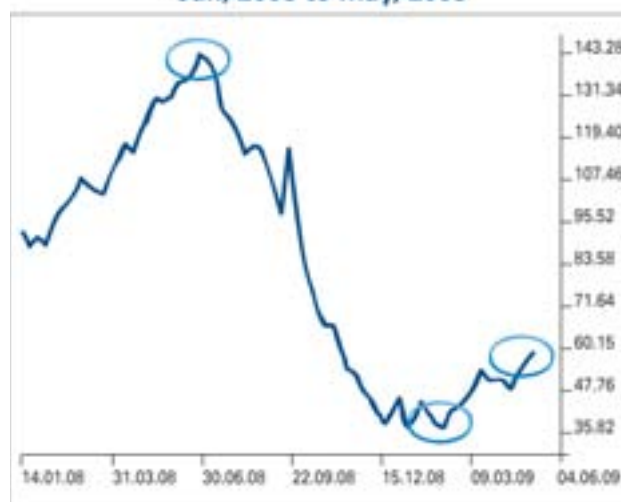
Although from an alltime high of around US\$ 145 per barrel in July 2008, they have reduced to around US\$ 60 per barrel in May, 2009. The signs of further increase of prices are again showing up. Chart E reflects the price movement of crude oil for the period from January, 2008 to May, 2009. Against this backdrop, the cost of furnace oil (a derivative of crude oil) also swung which greatly affected the materials costs of AIS Float Glass. The cooling of the crude prices started to reflect in the books of AIS only in the last quarter of 2008-09.

AIS has already taken adequate steps to decrease its dependability on the price fluctuation risk of crude oil and it is expected that in the coming period, AIS shall have alternate source of energy to run its plants.

In regard to Soda ash, another key raw material of float glass, AIS has very little choice as there are only 3-4 suppliers of soda ash in India and the government has imposed a provisional safeguard duty of 20% on the imports of soda ash.

The third key input – sand which is another high cost raw material that is used in the manufacture of float glass.

Chart E: Price Movement of Crude Oil: Jan, 2008 to May, 2009



The high cost of sand is due to the high logistics cost. As a risk mitigation and backward integration measure, AIS is in the process of acquiring sand mining leases in the State of Uttarakhand. Given the proximity of these mines from the float glass plant of AIS, it is expected that the landed cost of sand shall reduce considerably and simultaneously it will ensure smooth and uninterrupted supplies.

Future Outlook

Apart from the rising input costs, the challenges faced by float glass industry in India are: (a) the slowdown in float glass consumption, allied with capacity increases, and (b) cheap imports from China. The float glass industry in general and AIS Float Glass, in particular, have taken steps to meet each of these challenges.

The global and Indian economic slowdown had a negative impact on the realty and construction sectors. Combined with this, there is capacity addition taking place in the Indian float glass industry, which is exacerbating an already 'supply overhang' situation. AIS Float Glass is offsetting these twin challenges by offering more value-added products such as frosted, painted, reflective glass and mirror thereby reducing reliance on clear glass, which is more of a commodity product. Production efficiencies are also being optimised in order to minimise freight costs and bring the product manufacturing 'closer to market', thereby reducing the end-cost for the customer. AIS Float Glass is also exploring new markets in which to sell its products.

The market potential of float glass is highly under leveraged in India as the per capita consumption of glass is only 0.55 kg in India which is 1/7th of China, 1/10th of Thailand and 1/28th of the global consumption on per capita basis.

With a marginal revival of demand from construction (Real Estate, Hospitality, SEZs) and automotive sectors coupled with AIS's initiative to actively pursue innovative products with greater value addition, the future outlook of AIS Float Glass looks well placed.

AIS Glass Solutions

AIS Glass Solutions SBU comprises of the architectural glass processing facilities of AIS and AIS Glass Solutions Limited – a subsidiary of AIS.

AIS Glass Solutions marked the entry of AIS into providing glass processing services and innovative glass products in the architectural glass value chain.

Industry Structure & Developments

The architectural glass industry in India faced an extremely challenging year in 2008-09. India's industrial growth fell substantially during the year. The construction sector witnessed growth deceleration — down to 6.7% during Q3 2008-09 and an overall 7.2% growth for the year, compared to high double digit growth rates during the last few years. The volumes of glass processing industry substantially reduced in the second half of 2008-09 due to project cancellations and delays in the construction industry. Additionally, there were increase in capacities by several local processors.

Performance

During 2008-09, AIS Glass Solutions pursued a strategy of diversification by geographies, market segments and product offerings. The strategy has paid dividends, as witnessed by the year's numbers.

During 2008-09, AIS Glass Solutions production and sales volumes grew by 21.61% and 22.46% respectively. In value terms, sales grew by 18.31% - from Rs. 6,187 lakhs in 2007-08 to Rs. 7,320 lakhs in 2008-09. The exports during the year from AIS Glass Solutions rose by over 163% to reach Rs. 844 lakhs and the SBU initiated supplies to solar industry.

Table 6 gives the details of production and sales of AIS Glass Solutions during 2008-09 in comparison to 2007-08.

Table 6: Production and Sales: AIS Glass Solutions

	2008-09	2007-08	Change %
Sales (Rs. Lakhs)	7,320	6,187	18.31
Sales (Units)	5,95,363	4,86,165	22.46
Production (Units)	5,96,801	4,90,758	21.61

Operations

AIS Glass Solutions operates four architectural processing facilities located at Bawal, Haryana & Roorkee, Uttarakhand (North India), Chennai, Tamil Nadu (South India) and Taloja, Maharashtra (West India).

On the production side, the upgradation of the laminated line in Taloja has enabled AIS Glass Solutions to produce and market low-e glasses for exports. In addition, the dedicated line at Roorkee will facilitate supply of solar glass.

Cost reduction, delivery, service and diversification have been the major focus areas for 2008-09. The SBU has been successful in bringing down the cost structure significantly and almost every cost head has seen significant reductions. Automation initiatives that were started in 2007-08 have enabled considerable productivity improvement and it is expected that the SBU will be able to grow substantially in the near future without any major headcount additions.

Input costs & sourcing

Being in the same industry segment, AIS Glass Solutions faces the same challenges of rising input costs, mainly of key inputs like PVB, energy and float glass.

Future Outlook

Although the economy is showing signs of an uptick, 2009-10 is expected to remain a challenging year for AIS Glass Solutions, given the uncertainties that are still prevalent about the speed and direction of the Indian economy as a whole and the construction sector in particular. The key themes will remain aggressive cost reduction and driving growth from relatively new product lines, segments and geographies. Though the core architectural business is expected to remain flat, overall topline growth through the diversification strategies will remain the focus of the SBU during 2009-10. Optimum asset utilisation and more efficient cost management should see further improvements in bottomline. Looking ahead to years 2010 -11 and beyond, 2009-10 is expected to be the 'year of consolidation' for AIS Glass Solutions.

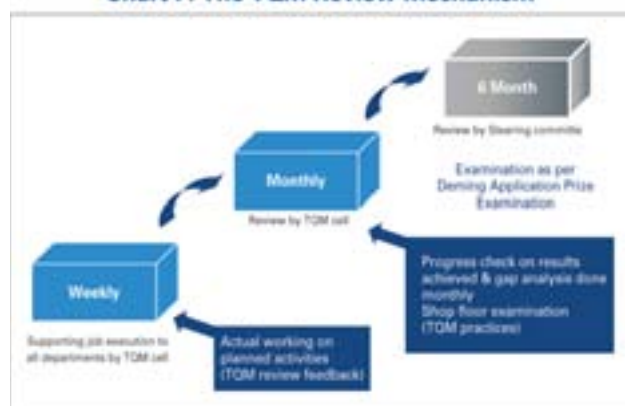
Quality Initiatives

TQM Activities

In 2007-08, AIS Auto Glass won the Deming Application Prize. This has been a stellar achievement for AIS, being the first glass manufacturer in India who has been so honoured. The Deming Application Prize has further motivated the AIS team to continuously review and upgrade its TQM practices in order to achieve even better quality outcomes.

To do so, the AIS team has, in 2008-09, introduced a review mechanism for TQM practices (Chart F). The review mechanism is undertaken regularly and following the same methods as the Deming Application prize examination, checks the TQM practices of the Company against the Deming benchmark and then suggests modifications and improvements wherever needed. Continuous weekly reviews, monthly reviews and Steering Committee reviews supervise the TQM activities at various levels of the organisation.

Chart F: The TQM Review Mechanism



During the year, the Company integrated the Total Productivity Management (TPM) pillar-Kobetsu Kaizen with Plan Do Check Act (PDCA) activities and Deep Analysis. Improvement projects were based on three levels: (a) projects that need management intervention (6 such projects were registered; 5 were resolved), (b) projects that need inter-departmental intervention (52 projects were registered; 42 were resolved), and (c) projects that could be tackled at the department level (134 projects registered; 121 resolved).

Employee awareness of TQM / TPM initiatives is essential if the quality movement in an organisation is to take deep roots and spread wide. During the year, AIS planned and imparted regular training to a wide cross-section of its people force in quality matters. Some of the areas that were covered are:

- ▶ The PDCA Approach to work;
- ▶ Seven classic steps for problem solving;
- ▶ 7 QC tools;
- ▶ TQM awareness program for new recruits;
- ▶ Data gathering and analysis tools and techniques;
- ▶ Kaizen management system; and
- ▶ 5S Training.

JQM Plan

As stated earlier "By winning the Deming Application Prize, AIS Auto Glass has now become eligible to

challenge for the Japan Quality Medal (JQM) after three years." The SBU has started concerted efforts on the path to JQM, through continual improvement of the currently established TQM practices. Some of the initiatives are listed below :

▶ **Improvement Projects.** Identifying and eliminating recurring and chronic problems through the PDCA approach is an ongoing feature of AIS's TQM activities. This is done in conjunction with the manufacturing and the corporate functions, with a view to develop more efficient manufacturing and business processes.

▶ **Quality Circles** have taken up the issue of operator motivation and through constant efforts, greater improvements in efficiency have been achieved.

Kaizen activities have been grouped together for the purpose of horizontal deployment across AIS. To enable this grouping, these Kaizen activities have been uploaded onto an in-house website that is accessible to all AIS employees across all locations.

To ensure contribution by each employee of the Company, suggestion scheme has been started in the Bawal plant. And six productivity improvement projects were identified and closed out through 'time and motion study' techniques.

▶ **OHSAS 18001:2007.** To further improve the working environment in plants and to promote improvement in the existing systems related to safety of employees and other associates, AIS is now following the Occupational Health and Safety Assessment Series (OHSAS) standards under OHSAS 18001:2007 and is aiming to obtain this certificate by the end of 2010.

▶ **Six Sigma** is the new TQM initiative that AIS has adopted during 2008-09. Under this program, the Company has trained managers through the 'Define, Measure, Analyse, Improve, Control' (DMAIC) approach and seven projects have been successfully completed in the year in production, quality and delivery improvement through this initiative.

▶ **Vendor Upgrade System.** Under this program and based on the Company's vendor rating system, AIS has identified vendors whose vendor rating scores were low. Working together with these vendors, the Company has developed vendor upgrade plans that will enable these vendors to improve on their quality of product and timeliness of delivery.

TQM initiatives work best in an organisation when they are inclusive and participatory. To inculcate the 'TQM culture' in non-manufacturing function, AIS has, during the year, included the Accounts and Projects departments in the mainstream of TQM activities.

Human Resource Development

At AIS, 'Human Resource Development' is not a phrase; it is the key differentiator between success and failure, more so in a challenging environment. The Company's HR practices are focused on knowledge development & sharing, teamwork, accountability, motivation and empowerment, with the objective of creating a work environment where performance is rewarded and people at all levels meaningfully contribute towards achieving the goals of the Company. This objective is met through careful recruitment, focused people development and a fair and transparent reward management process.

To ensure maximum productivity, the Company invests in continuous skill up-gradation through training (both in India & abroad), transfer of technical expertise and imbibing world class practices. AIS believes that effective training develops team work, helps in establishing culture, reinforces a positive working atmosphere and assists in sustaining and improving quality and productivity. Thus, identification of training needs and subsequent implementation of training programs follow a clear process that starts with employees' annual evaluation, identifying training needs (mapped to the employee's desired competencies for the role) and then ensuring that the training calendar takes into account these training needs. After training has been imparted, feedback and verification mechanisms measure and monitor training effectiveness.

AIS's Performance Management & Development (PMD) system covers employee appraisal, with the objective of increasing organisational effectiveness and to align personal and business goals. In place since 1999-2000, this system ensures setting up of objectives and accountabilities in line with Company's vision, efforts towards their attainment, periodical reviews and suitable recognition of the results achieved.

During 2008-09 as an integral part of 'Look Within' initiative, the special emphasis was on the restructuring and realigning the Human Resources framework in line with the current goals of AIS. A massive exercise of re-defining every job position and its responsibilities is under process which shall ensure creation of adequate synergy during tough times.

Information Technology

AIS's Information Technology (IT) platform is a key business enabler. Based on an Oracle 11i Enterprise Resource Platform (ERP), the IT backbone covers the entire manufacturing operations and support functions of the Company.

In 2008-09, the key IT initiatives that were undertaken are listed below :

Application

- ▶ **Extension of Oracle ERP modules** at its warehouses.
- ▶ **Change Management.** The 'Request for Change RFC Application) process has been implemented to streamline the IT Master Tables and bring in compatibility and uniformity across the Company.
- ▶ **Master Data Workflow Tool.** An application has been designed and developed for automating the master data creation workflow with necessary and appropriate approvals.
- ▶ **Business Exception Alerts.** Automated exception report generation has been designed for specific business exceptions based on work processes and Standard Operating Procedures.
- ▶ **SMS Alerts.** Automated SMS Alerts system has been initiated for key business metrics, thus improving 'online' management information.
- ▶ **Knowledge Exchange.** An application for sharing knowledge has been developed and deployed across AIS.

Technology

AIS is also putting together a number of initiatives on the technology front. The Company's communications server is now working as a collaborative platform across AIS. The field sales team can upload orders from their mobile telephones from anywhere through the 'Mobile Sales Order Booking' application. The Electronic Data Interchange (EDI) or data collaboration process with one of AIS's key customers has been automated. The Company's network has been optimised, which generated savings of 25% on network cost. Simultaneously, the networks have been upgraded at manufacturing facilities at Taloja and Bawal. A platform for accessing applications through a secured gateway has also been implemented during the year. The ERP database version and the Storage Area Network (SAN) have also been upgraded.

Risks and Mitigation Measures

In addition to the risks involved in the normal course of operations and business, AIS perceives two risks in the following areas, that merit separate mention.

Currency Risk

As on 31st March, 2009, AIS has total US\$ 185 million in foreign currency repayables out of which US\$ 27 million is due for repayment within a year.

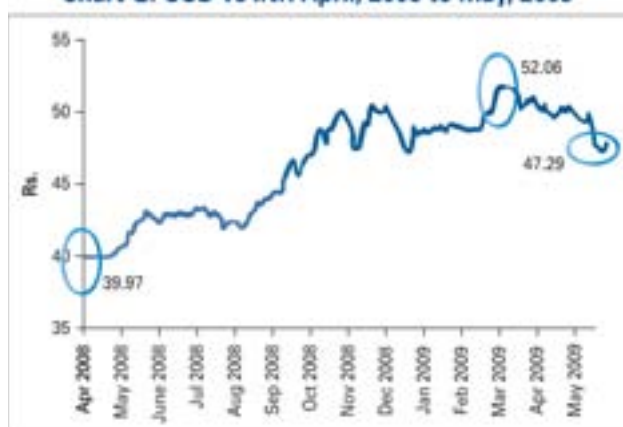
In addition, it also repatriates royalty and technical knowhow fees to technology partners.

Any depreciation of the Indian Rupee vis-à-vis the US Dollar, therefore, negatively impacts the Company's liabilities as well as its bottomline. In 2008-09, starting from a level of Rs. 39.97, the US Dollar climbed to a peak of Rs. 52.06 in March, 2009 – a depreciation of over 30% in one year.

This was the major reason resulting in foreign exchange fluctuation losses of Rs. 3,827 lakhs during the year 2008-09 for the Company.

AIS has booked its foreign currency obligations at Rs. 50.73 as on 31st March, 2009, hence, any appreciation in the rupee in 2009-10 will be to the Company's benefit. In the first two months of the current financial year, the Indian Rupee seems to have strengthened against the US Dollar (Chart G), which, for AIS, is an encouraging sign. To further mitigate the risk, the Company is actively considering options to hedge its foreign currency exposure during the current year.

Chart G: USD vs INR April, 2008 to May, 2009



Energy Risk

Power and fuel, especially oil, forms an important part of input costs. This is particularly true in the manufacture of float glass. Crude oil prices have moved down from its historical highs of around US\$ 145 per barrel in July, 2008 to a low of US\$ 50, however, in the first two months of 2009-10, crude oil prices have started escalating again.

The Company has, however, adopted appropriate mitigating measures. In the near period it is expected that AIS will switch over to alternate means of energy to run its float plant which will help increase its efficiencies and competitiveness. Also, the production efficiencies measures that have been incorporated at the float glass plants would mean that the average consumption of fuel per converted square metre (csqm) of finished glass would be lower, thus reducing cost of the finished product.

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 headquarters 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 a firm of Chartered Accountants to carry out internal audit at all its locations. The scope of its internal audit programme 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 audit across all business units of AIS, along with the Internal Auditors of the Company.



Corporate Social Responsibility

AIS believes it has an obligation to nurture the environment in which it operates – not just for a one year or two, but on a sustainable basis. It also believes that such activities are not 'Corporate Social Responsibility' activities, but are part of an 'Integrated Community Development Program (ICDP)'. The ICDP initiatives, which are administered and monitored by Youthreach, a Delhi based NGO, centres on Roorkee and Rewari, where AIS has identified specific 'critical intervention areas'.

Rewari Initiatives

In the current phase of the implementation, two 'critical intervention' areas have been identified at Rewari - Education and Water & Sanitation.

Education Programs

'UNNATI' Education Centres are being run in three villages. These centres provide education for school drop-outs that allow them appear for board exams through the open school; they also provide remedial education for children in school. Currently, 16 such children have appeared for the Board exams. In addition, 66 children who were due to appear for the board examinations through the Haryana Open School System have also been provided remedial education.

Lack of transport to and from school often hinders girl children attending school. To address this, the ICDP has been running a school bus service, which now enables 500 girl children from 34 villages around Rewari plant to attend high school. As a result of this service, a large number of families have started sending their girls to schools which has in turn contributed to a much lower drop-out rate of girls from schools.



Water & Sanitation

The water and sanitation interventions in 110 villages of Rewari district seek to promote sustainable water management systems by village communities, especially women, through participatory initiatives in rainwater harvesting, recycling or managing waste water and water saving cropping patterns.

Activities like organising women into sangathans and building their capacity in village level governance, constructing rainwater harvesting structures (johads, tanks recharging wells) at the household and the community level and household toilets have been ongoing for the past three years which, in addition to building community infrastructure, also help local women to augment their income by participating in these projects through self-help groups. At the end of calendar year 2009, 6,500 families will have access to ground water for cooking and drinking, 400 households will have access to closed sanitation and the income of 400 women will increase in the range of Rs. 1,500 to Rs. 4,000.

Rainwater harvesting is an important and sustainable form of resource mobilisation for the villagers. The ICDP has been at the forefront of rainwater harvesting initiatives for a number of years. 265 children and 45 families in three villages have benefited from community and family tanks and village ponds (johads) that have been built, with part of the cost borne by the community. Groundwater recharging initiatives have also meant that seven such structures in Rewari and Bawal will be able to recharge 5,00,000 litres of water each.

The village communities are also putting in place initiatives to maintain these water conservation structures. Community Sangathans are managing village maintenance funds, where



resources are collected through member and community donations and which they manage.

Environmental sanitation and waste water management measures have benefited 378 families across 110 villages in Bawal, where 'family water closets' and soak pits have been set up. For this, financial and technical help is provided wherever needed.

Other Initiatives

Nine marginal farming families from five villages have started farming of water saving crops and using bio fertilisers. The results have been positive, the families had an extra yield of 200 kgs of pearl millet and 150 kgs of legume per acre of field through which they also saved at least 5,50,000 litres of water per acre. Veterinary advice and assistance were granted to 93 participants. Simultaneously, partial assistance to 613 families has been provided for start up livelihood activities like livestock, agriculture, trading, handicraft, production and service based enterprises.

Roorkee Initiatives

During the year, ICDP initiatives in Roorkee focused on continuing vocational training and enterprise development.

Enterprise Development

In 2007-08, Disha Social Organisation, a Saharanpur based NGO, was selected to implement vocational training and enterprise development programs in four villages around Roorkee. In the current year, the outreach was expanded to 10 villages with the aim to form and strengthen 30 additional 'self help groups' in six new project villages. At the end of the year under review, 157 enterprises have been set up.

56 self-help groups have been formed in ten villages, totalling 666 women. The women save Rs. 50 to Rs.100 every month and the collective savings are utilised by group members for income generation activities and other personal needs. Banks augment these savings through credit lines, where needed. In the reporting period, 80 women have either set up their enterprises or have helped their family's business by taking loans. Entrepreneurial activities cover milk and vegetable vending, selling bangles and garments, setting up repairing and painting shops, blacksmith and woodcraft shops, handloom, paper-craft and handlooms. The women are also trained to maintain meeting minutes, records, accounts, etc.

Personality Development and Vocational Training

In continuation of the initiative started in 2007-08, a batch of 30 young men completed their training program in computer



education and conversational english. In addition, 21 girls completed their training in beauty culture. The focus of the classes was on providing basic computer skills, life skills and english speaking to enhance their employability potential.

School Bus Service

A school bus service, on the lines of the Bawal initiative, was also initiated to address the high drop-out rate amongst girls. The bus service, for which a very nominal amount is charged every month, covers 8 villages and caters to 120 girls with pick and drop facility at various locations.



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



How do you assess AIS's performance in 2008-09?

2008-09 was an extremely difficult year for most businesses and AIS was no exception.

During the first half of the year, when demand was somewhat buoyant, the Company was affected by high input costs, especially of fuel, float glass and PVB. During the second half of the year, input prices did come down, but demand for glass products, especially in the construction and auto sectors, reduced due to impact of economic meltdown. AIS also faced the effects of an adverse currency fluctuation during 2008-09 in which the Indian Rupee depreciated against the US Dollar by over 30%.

In this milieu, AIS's gross sales grew by 15% and net sales by 23%, to reach Rs.1,35,398 lakhs and Rs.1,21,821 lakhs, respectively. Operating profit was lower than 2007-08 levels, at Rs. 14,206 lakhs. However, on excluding impact of foreign exchange fluctuation, the operating profit for the year was Rs.18,033 lakhs, an increase over the previous year. The Company earned cash profits of Rs.1,617 lakhs during the year. However, the profit before tax (PBT) and profit after tax (PAT) went negative, with losses of Rs. 9,576 lakhs and Rs. 4,060 lakhs, respectively.

In 2008-09, the exchange rate fluctuation had a severe impact on AIS's bottomline. In 2007-08, AIS reported foreign exchange gains of Rs. 5,243 lakhs whereas in 2008-09, the Company has reported foreign exchange losses of Rs. 3,827 lakhs.

What measures are being taken in AIS to tide over the current challenges?

AIS is taking all possible measures to confront the challenges that it faces. This year, the Company has taken a two-pronged approach. On the business development front, AIS is looking at adding more value to its product portfolio and on the operations front, the Company is concentrating on maximising operational efficiencies – not just in production but in every aspect of the business process.

During 2008-09, AIS Auto Glass has tied up with new global automotive players and has also secured contracts for the supply of new models that are being rolled out by existing customers. The full benefit of these additions to the product portfolio is expected to be seen in 2009-10. Also, AIS Auto Glass has received the much-needed minimal price increase from its existing key customers which will have a direct impact on the topline of AIS. On the operations side, the SBU has executed a number of measures to reduce the procurement cost of float glass and PVB, two of the key input components from the unprecedented highs of early 2008-09. On the manufacturing side, a number of value engineering and process efficiency measures have been initiated, which are expected to reduce production costs. The overall market for auto components is expected to expand in the coming period with the growth of the automobile sector.

In AIS Float Glass, the focus is on maximising value per converted square metre (csqm) of finished product. Instead of looking at volume of commoditised output, AIS Float Glass is working on increasing its portfolio of value-added products. This strategy has two effects. At one level, it will help us to move away from a pure 'float glass' play, where volume is the prime determinant. At another level it will give better returns per csqm of finished goods. On the operations side, AIS Float Glass is adopting all possible means to reduce input costs and optimise production & process efficiencies.

This year, in addition to increasing and deepening its sales footprint, the Company has adopted the motto of 'Look Within'. Every aspect of the business is being benchmarked against four factors: a) cash maximisation; b) manufacturing and process efficiencies; c) cost rationalisation; and d) risk mitigation. This measure has enabled us to have a thread-bare re-look at every aspect of operations and overheads to ensure maximum return on capital employed.

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

Soda ash, fuel and sand are three major inputs for manufacturing float glass. For auto glass, the major raw materials are float glass and PVB. AIS has, during the year initiated a number of measures to manage the costs of these raw materials. The measures include accelerated vendor development programs, introduction of new suppliers and educating customers about product substitutions.

The Company is also exploring options of alternate fuels, to mitigate fuel price risk. In addition, AIS is putting into place permissions to participate in oil hedging transactions, through which we hope to reduce significant exposure in adverse fuel price movements.

To reduce freight costs, time to production line and ensure continuity and quality of supply, AIS Float Glass is exploring opportunities for acquisition of sand mining leases.

Could you update us on the current projects of AIS?

In 2008-09, AIS stayed away from any major expansion. Minor and critical capital investments have been made to enhance productivity and efficiencies and with a view that high 'return on investment' and a short 'payback period' are imperatives.

Some of the earlier ongoing projects were completed. AIS Auto Glass successfully commissioned its laminated windshields manufacturing capacity expansion project at Chennai on schedule whereby the installed capacity for laminated windshields increased from 1.0 million to 1.5 million. The Bawal plant saw some cost efficient automation projects that are geared to enhance productivity and product quality. Additionally, one tempering furnace was also upgraded to enable it to produce complex shaped glasses. At architectural glass plant at Taloja, we have also commissioned a state-of-the-art laminating line for manufacturing laminated safety glass for architectural applications.

Are you concerned with the Chinese imports?

In the recent past, some amounts of Chinese imports have started entering the auto glass 'after-market' or 'replacement market' segment. The consumer needs to be made aware that, although these replacement glasses are cheaper, their safety and engineering standards cannot be guaranteed. On the OE segment for auto glass, there is no threat of Chinese imports as AIS has well established relationships with all its automotive customers and automotive majors understand and appreciate the value additions that AIS brings into the relationship with its superior design engineering and value engineering skills.

The float glass industry has been actively campaigning for the imposition of anti-dumping duty on cheap Chinese imports. Government of India has recommended the continued imposition of anti-dumping duty on float glass from China for a further period of five years starting from January, 2009. This is a welcome step and we expect that this will go a long way to creating a level playing field for Indian float glass manufacturers.

How is AIS planning to manage its borrowings, interest cost and cash flow?

The total borrowing of the Company has grown 16.23% during 2008-09 from Rs.1,39,143 lakhs to Rs.1,61,730 lakhs. However, it must be stated here that of the total loan figure in 2008-09, Rs. 19,507 lakhs are on account of foreign exchange fluctuations. In other words, this is not an actual increase in cash borrowings but a 'book entry' to account for the depreciation in the exchange rate of the Indian Rupee to the US Dollar.

The Company is fully cognisant of the fact that there is need to reduce the borrowings and thus the interest cost and has been objectively working towards it. On the operations side, AIS is making all efforts to manage its working capital, including optimising its inventory and maximising debtors' realisations so that working capital needs are reduced to the feasible minimum. AIS is in discussions with its lenders to restructure the tenor of some of the loans which would allow the Company to improve its cash flow without altering its overall loan obligations or interest cost. Some of these discussions are in advanced stages. AIS has also been successful in converting some of its short-term borrowings into longer tenors whereby again, operational cash flows would be positively impacted.

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

Not really concerned, but am conscious not to be complacent.

In the auto glass business, AIS may be comfortably placed but I see more head-room for improvement.

The anti-dumping duty on float glass may have reduced Chinese imports. However, in India, capacity expansions have taken place or are being planned in the float glass business. AIS has a lot ground to cover as competition is increasing.

What is your future outlook for AIS?

The initial indicators for 2009-10 are starting to look positive. With a stable government in India coupled with fiscal initiatives that have already been put in place, I see the emergence of stronger growth in 2010.

AIS has also undertaken concerted efforts to 'Look Within' itself and maximise benefits, while simultaneously looking to add topline growth. I expect that the year to come will be the one in which the Company will 'Look Beyond' and forward to greater growth and profits.

Report of the Directors

To the Members,

The Directors are pleased to present their 24th Report along with the audited accounts of the Company for the year ended 31st March, 2009.

Financial Performance

	(Rs. Lakhs)	
	2008-09	2007-08
Gross Turnover	1,35,398	1,17,419
Net Turnover	1,21,821	99,353
Other Income ¹	1,154	763
Total Income	1,22,975	1,00,116
Operating Profit (PBDIT) ¹	18,033	15,241
Gross Profit (PBDT) ¹	5,600	6,765
Profit/(Loss) Before Tax	(9,576)	1,958
Profit/(Loss) After Tax	(4,060)	1,334
Balance Carried to Balance Sheet	6,210	10,270

1. Other income, operating profit and gross profit are exclusive of gain/loss on foreign exchange fluctuation.

Performance Overview

2008-09 was a very turbulent year for your Company. The timing of depletion of the external environment could not have been worse. Post completion of the major phase of expansion program in 2007-08 – the largest ever by AIS – your Company had positioned itself to cater to the potential explosion in demand in the expanding automotive and construction sectors, the global recession stepped in, leading to a sudden contraction in demand and severe liquidity crunch.

Against this backdrop in 2008-09, the gross sales of the Company increased 15.31% from Rs. 1,17,419 lakhs in 2007-08 to Rs. 1,35,398 lakhs in 2008-09 in the light of various initiatives taken by the Company. A combination of high input costs especially oil, increase in interest costs, tapering demand and a sharp depreciation of the rupee meant that, for the first time in its twenty-three years of existence, AIS reported profit before tax and profit after tax in negative with losses of Rs. 9,576 lakhs and Rs. 4,060 lakhs respectively, against profit before tax of Rs. 1,958 lakhs and profit after tax of Rs. 1,334 in 2007-08. However, your Company continues to operate at global benchmarks and resultantly its

operating profit increased by 18.32% from Rs. 15,241 lakhs in 2007-08 to Rs. 18,033 lakhs in 2008-09, if the impact of foreign exchange fluctuation is not taken into account.

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

Subsidiaries

During the year, your Company incorporated 'Integrated Glass Materials Ltd.' ('IGML'), a wholly-owned subsidiary, as a step towards yet another backward integration. IGML was incorporated on 6th March, 2009 with a specific objective of undertaking sand mining and processing business for and on behalf of AIS. It is expected that with IGML leveraging its operations during the current year, the landed cost of silica sand – a major raw material for manufacture of float glass – should decrease substantially.

Though IGML was incorporated on 6th March, 2009 but it could commence operations only after obtaining the 'Certificate of Commencement of Business' on 8th April, 2009, therefore, no financial statements of IGML have been prepared till 31st March, 2009.

Further, in terms of approval granted by the Central Government under Section 212(8), of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of another subsidiary of your Company - AIS Glass Solutions Ltd., have not been attached with the Balance Sheet of AIS. Further, the particulars of AIS Glass Solutions Ltd. as directed by the Central Government in its above exemption, is attached along with statement as required under section 212 of the Companies Act, 1956. However, pursuant to Accounting Standard (AS – 21), Consolidated Financial Statements presented by your Company includes financial results of AIS Glass Solutions Ltd.

This approval was solely sought for the purpose of generating substantial savings on the printing and dispatch costs of this Annual Report. However, all the

above documents are available for inspection at the Corporate Office and Registered Office of the Company during working hours and copies will be made available to the Members of AIS and that of the subsidiary company on request.

Awards

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

1. 'Award for Outstanding Overall Performance' and 'Certificate for Incoming Quality Improvement' from Maruti Suzuki India Ltd.
2. 'Best Performance in Quality Award' from Mahindra & Mahindra Ltd.
3. 'Excellence in Quality' from Tata Motors Ltd.
4. AIS has been adjudged the 'Fastest Growing Glass Company in India in the year 2008' by Construction World Award.
5. 'Capexil Special Export Award for the year 2007-08' in recognition of our outstanding export performance for float glass.

Consolidated Financial Statements

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

Dividend

In view of the financial performance of your Company during 2008-09, your Directors have not recommended any dividend for the financial year 2008-09.

Directors

During the year, Mr. P. L. Safaya, Whole – time Director, aged 62 years and designated as Director & C.O.O. (Float), resigned from the Company w.e.f. 17th November, 2008. The Board records its sincere appreciation and gratitude for years of commitment and services rendered by Mr. Safaya and his valuable contribution towards the success and growth of the Company.

The Board of Directors, in its meeting held on 28th January, 2009 has, subject to the approval of the Members in the ensuing Annual General Meeting,

approved the re-appointment of Mr. Sanjay Labroo as Managing Director, designated as Managing Director & C.E.O. for a further period of five years w.e.f. 19th February, 2009. The necessary resolution for obtaining approval of the Members has been incorporated in the notice of the ensuing Annual General Meeting.

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. B.M. Labroo, Mr. Gautam Thapar and Mr. Arvind Singh, Directors, shall 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 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 of 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 2009-10.

The application filed by the Company for voluntary delisting of equity shares of the Company from the Calcutta Stock Exchange, has been approved by the Exchange vide its letter dated 30th April, 2008. Accordingly, the shares of the Company have been delisted from the Calcutta Stock Exchange.

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, 2009, 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, 2009 and of the profit / loss for the period from 1st April, 2008 to 31st March, 2009.

- 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, 2009 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 Auditor's 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 Auditors in the Auditors' Report are explained, wherever necessary, in the appropriate Notes to the Accounts.

The Statutory Auditors in Clause 4(f) in their report have reported that "the Company has paid Rs. 83 lakhs as remuneration to the Managing and other Directors which is in excess of the limits under the Companies Act, 1956. Had the company accounted for the remuneration in accordance with the Act the Loss after tax for the year would have been lower by Rs. 83 lakhs and loans and advances would have been higher by the same amount."

Your Directors wish to state that the Company had adequate profits over the past years and thus had been paying remuneration to its managerial personnel within the overall limits as specified under the Companies Act, 1956. However, in view of the financial performance of the Company during 2008-09, the remuneration payable to the 'managerial personnel' of the Company exceeds the limits specified in Schedule XIII of the Companies Act, 1956. Since your Directors believe that the financial performance of the Company during the previous year was heavily impacted by the difficult external operating environment, the Company is in the process of seeking approval of the Central Government for waiver of the excess managerial remuneration paid during 2008-09.

In terms of Clause 4(xi) of the Companies (Auditors' Report) Order, 2003, the Auditors have commented that "the Company has not defaulted in term loan repayment of dues to banks except delay of 3 days and 25 days in repayment of two loan instalments of Rs. 417 lakhs each and repayment of Rs. 2,000 lakhs due on 31.03.09 for which the Company has approached the bank for rescheduling".

Your Directors wish to state that inordinate delay in the repayment of the loan instalments of Rs. 417 lakhs each was on account of the unavailability of adequate funds as on the repayment date. This was due to tight liquidity position of the Company in view of the adverse economic scenario. The same was communicated to and discussed with the bank and instalments have henceforth been paid by the Company. There were no unforeseen consequences of the delay on the Company.

Further, with regard to the delay in the repayment of instalment of Rs. 2,000 lakhs forming part of repayment schedule of term loan obtained from another bank, your Directors wish to state that as on 31st March, 2009, the Company was in active discussions with the senior management of the bank for the rescheduling of the repayment schedule of the said term loan, which has been subsequently approved by the bank, in light of the current economic scenario.

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 Registered Office and Corporate Office of the Company 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.

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.

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 Members.

On behalf of the Board of Directors

Place : Gurgaon
Dated : 27th May, 2009

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, 2009

Form - A

Conservation of Energy

Power and Fuel Consumption	Units	2008-09	2007- 08
1. Electricity Purchased (KWH)	Units	10,04,54,924	8,86,21,402
Total Amount	Rs. Lakhs	4,421	3,505
Rate Per Unit	Rs.	4.4	3.96
2. Captive Generation			
D.G. Sets (KWH)	Units	4,66,08,777	6,13,59,637
Total Amount (Fuel, Mobil Oil & Additives)	Rs. Lakhs	3,095	3,306
Rate Per Unit	Rs.	6.64	5.39
3. HSD Consumption	Ltrs.	11,08,898	15,66,360
Total Amount	Rs. Lakhs	352	525
Rate Per Litre	Rs.	31.72	33.49
4. HFO Consumption	Ltrs.	5,14,59,406	6,66,60,119
Total Amount	Rs. Lakhs	13,862	14,351
Rate Per Litre	Rs.	26.94	21.53
5. SKO Consumption (Kerosene Oil)	Ltrs.	66,510	28,400
Total Amount	Rs. Lakhs	23	8
Rate Per Litre	Rs.	35.29	28.83
6. LSHS Consumption	Kgs.	2,83,32,190	1,60,12,798
Total Amount	Rs. Lakhs	7,168	3,192
Rate Per Kg.	Rs.	25.30	19.93

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

AIS Auto Glass

- Replacement of outdoor lights from 400W mercury lamps to T5 assemblies of 92W each.
- Upgradation to energy efficient motors for air washer and CNC blowers.
- Utilization of waste heat for various applications.

AIS Float Glass

- Replacement of 2 lift up pumps by single high efficiency pump.
- Reduction of heater power consumption in Metal Bath by process modification.
- Installation of maximum demand controller for optimizing the KVA demand.
- Optimization of water requirement for manufacturing process.

Consumption per unit of Production

AIS Auto Glass

Energy consumption per square meter production of auto glass worked out to 17.16 KWH (16.33).

AIS Float Glass

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

- Electricity Consumption (KWH) 0.66 (0.62)
- Furnace Oil Consumption (Ltr.) 0.65 (0.80)
- LSHS Consumption (Kg.) 0.45 (0.24)

Form - B

Technology Absorption, Adaptation and Innovation

AIS Auto Glass

- Installation of new lamination line at Taloja plant for making flat laminated products for architectural application.
- Indigenous development of lamination line at Chennai auto glass plant.
- Improved material handling inside Chennai plant by installation of Jib Crane and Light Rail systems, thereby helping in increasing productivity and controlling glass handling rejections.

AIS Float Glass

During the year 2008-09, Company absorbed the technology related to the manufacture of innovative value-added products.

Form - C

Research and Development

During the year 2008-09, the Company focused on increasing process efficiencies and reducing waste thereby improving quality and manpower.

Form - D

Foreign Exchange Earnings and Outgo

Foreign exchange outflow on account of import of capital goods, raw materials, stores & spare parts and traded goods amounted to Rs. 23,416 lakhs (Rs. 24,039 lakhs). Other expenditure in foreign currency amounted to Rs. 10,527 lakhs (Rs. 9,520 lakhs). Earnings in foreign exchange amounted to Rs. 13,684 lakhs (Rs. 7,054 lakhs).

(Figures in brackets pertain to the 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 Securities Exchange Board of India (SEBI).

This chapter, along with the chapter 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 two Executive (Whole-time) Directors.

Composition of the Board

The Board comprises of a total of ten Directors, out of which seven Directors are Non-Executive Directors. The Company has a Non-Executive Chairman.

Board Procedures

Detailed agenda with explanatory notes and all other related information is circulated to the Directors in advance of each Board 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 by the Board.

Number of Board Meetings

During the financial year 2008-09, the Board of Directors of the Company met four times on 6th May, 2008, 30th July, 2008, 23rd October, 2008 and 28th January, 2009. 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 chairmanships and memberships held by them in other public limited companies as on 31st March, 2009 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 [Dy. Managing Director and C.T.O. (Auto)]	Promoter Executive	4	4	Yes	1	–	–
Mr. M. Kamiya ³	Promoter Non - Executive	4	–	No	–	–	–
Dr. S. Kapur	Independent	4	3	Yes	9	3	2
Mr. K. Nakagaki	Independent	4	3	Yes	1	–	–
Mr. S. Nakanishi	Promoter Non - Executive	4	4	Yes	5	3	–
Mr. R. Rana	Independent	4	3	Yes	–	–	–
Mr. G. Thapar	Independent	4	3	Yes	12	5	2
Mr. P L. Safaya ⁴ Director & C.O.O. (Float)	Executive	4	3	Yes	N.A.	N.A.	N.A.
Mr. A. Singh President (Glass)	Executive	4	4	Yes	4	–	–

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. Mr. M. Kamiya participated in 2 meetings through video-conference.
4. Mr. P. L. Safaya resigned w.e.f. 17th November, 2008.

No Director is a member of more than 10 Board-level Committees of public companies, nor is a Chairman of more than 5 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 relationship or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect the 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 the 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 & budgets and any update thereof;
- Capital budgets and any updates thereof;
- Quarterly results of the Company and its operating divisions and 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, 2009. 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 ("Code"). The Code lays down, in detail, the standards of business conduct, 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 2008-09.

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 2008-09 and the attendance of the members are provided below.

Audit Committee

The Audit Committee comprises of three Non-Executive Directors all of them being Independent Directors with accounting and financial management expertise.

The Audit Committee met four times during 2008-09 on 5th May, 2008, 30th July, 2008, 23rd October, 2008 and 28th January, 2009. 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. R. Rana ¹	Independent	Member	N.A.	N.A.
Mr. A. Singh ²	Executive	Member	4	4
Mr. G. Thapar	Independent	Member	4	4

1. Appointed as a member w.e.f. 27th May, 2009

2. Ceased to be a member w.e.f. 27th May, 2009

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 Boards' 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 and annual financial results of the Company.

The Remuneration Committee comprises of four Non-Executive Directors and one Executive Director with majority of them being Independent Directors.

The Committee met three times during 2008-09 on 6th May, 2008, 23rd October, 2008 and 28th January, 2009. 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	3	2
Dr. S. Kapur	Independent	Member	3	3
Mr. K. Kojima	Promoter, Executive	Member	3	3
Mr. B. M. Labroo	Promoter, Non - Executive	Member	3	3
Mr. R. Rana ¹	Independent	Member	N.A.	N.A.

1. Appointed as a member w.e.f. 27th May, 2009

During the financial year 2008-09, 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 from 1st April, each year.

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

Members 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.

Since the Company has incurred losses in the financial year 2008-09 no amount has been paid as commission to the Directors.

The details of remuneration paid / payable to the Directors for the financial year 2008-09 are given below :

Name of Directors	Sitting Fees (Rs.)	Salary, Allowances and perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. B. M. Labroo	1,40,000	NIL	NIL	1,40,000
Mr. S. Labroo	N.A.	12,36,756	NIL	12,36,756
Mr. K. Kojima	N.A.	26,68,051	NIL	26,68,051
Mr. M. Kamiya	NIL	NIL	NIL	NIL
Dr. S. Kapur	2,00,000	NIL	NIL	2,00,000
Mr. S. Nakanishi	80,000	NIL	NIL	80,000
Mr. R. Rana	60,000	NIL	NIL	60,000
Mr. G. Thapar	1,80,000	NIL	NIL	1,80,000
Mr. K. Nakagaki	60,000	NIL	NIL	60,000
Mr. P L. Safaya ¹	N.A.	35,27,661	NIL	35,27,661
Mr. A. Singh	N.A.	35,56,007	NIL	35,56,007

1. Mr. P. L. Safaya resigned w.e.f.17th November, 2008.

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 / re-materialisation of shares etc.

The Shareholders' / Investors' Grievance Committee comprises of one Non-Executive Director and two Executive Directors. The Committee met fifteen times during the financial year 2008-09. The composition of the Shareholders' / Investors' Grievance Committee and the attendance of its members are as under :

Name of Members	Category	Status	Number of Meetings	
			Held	Attended
Mr. B. M. Labroo	Promoter, Non - Executive	Chairman	15	6
Mr. S. Labroo	Promoter, Executive	Member	15	11
Mr. A. Singh	Executive	Member	15	15

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	387	140	868	196	17	1608
Attended during the year	387	140	868	196	17	1608
Pending as on 31 st March, 2009	–	–	–	–	–	–

Subsidiary Companies

Clause 49 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" as amended from time to time. 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

The Board of Directors, in its meeting held on 28th January, 2009 approved and recommended to the Members, the re-appointment of Mr. Sanjay Labroo as Managing Director designated as Managing Director & C.E.O. of the Company for a term of 5 years w.e.f. 19th February, 2009.

Brief particulars of Mr. Sanjay Labroo are as under :

Mr. Sanjay Labroo, aged 47 Years, is a Doon school alumnus (1980) and a graduate in Finance and Management from the Wharton School of Business & Finance, Pennsylvania, USA. Mr. Labroo is the promoter entrepreneur of AIS and has been the Managing Director & Chief Executive Officer of AIS since 1990.

Mr. Labroo is a member on the Board of various companies, which includes AIS Adhesives Ltd., AIS Glass Solutions Ltd., Asahi India Map Auto Glass Ltd., Mahindra First Choice Wheels Ltd., Ballarpur Industries Ltd., Crompton Greaves Ltd., Krishna Maruti Ltd., Shield Autoglass Ltd. and SKH Metals Ltd. Mr. Labroo has also been nominated by the Government of India as a Director on the Central Board of Reserve Bank of India.

Mr. Labroo has been associated with various chambers of commerce and trade associations. He is currently the Member of Managing Committee of Auto Components Manufacturers' Association (ACMA) and Member of Managing Committee of Indian Glass Manufacturers' Association.

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. B.M. Labroo, Mr. Gautam Thapar and Mr. Arvind Singh, Directors, will retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Brief particulars of Mr. B.M. Labroo, Mr. Gautam Thapar and Mr. Arvind Singh are as under :

Mr. B.M. Labroo, aged 78 years, is the promoter member and the Chairman of the Company. He is an M.A. (Political Science) from Punjab University and has wide experience in marketing, finance and corporate governance. Mr. Labroo is on the Board of various companies, which include United Spirits Ltd. (a UB group company), where he is the senior most Director, Shield Autoglass Ltd. and Samir Paging Systems Ltd.

Mr. Gautam Thapar, aged 48 years, is the Chairman of the Avantha Group, which has business interests in Power Equipment, Forestry Agri Business, Chemicals, Utilities, Infrastructure and IT. The group companies include Crompton Greaves Ltd., India's largest power equipment company and Ballarpur Industries Ltd., India's largest paper company. Mr. Thapar is active in business and corporate sectors. He is an active office bearer of CII and currently serves as a Trustee on a number of Institutions, including Vice Chairman of Aspen Institute, India and President of Thapar University. He is also a Director on the Board of several other companies in India and abroad.

Mr. Arvind Singh, aged 45 years, is an MBA from International Management Institute, New Delhi and has over 24 years of experience in corporate planning and business development functions. Mr. Singh is the President (Glass) of AIS. Mr. Singh joined AIS in May, 1991 and held various positions. Mr. Singh is also a Director on the Board of Asahi India Map Auto Glass Ltd., AIS Glass Solutions Ltd., Shield Autoglass Ltd. and Integrated Glass Materials Ltd.

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 were published in 'Business Standard' 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 30 th June, 2008	31 st July, 2008
Unaudited financial results for the second quarter and the half year ended 30 th September, 2008	24 th October, 2008
Unaudited financial results for the third quarter and the nine months ended 31 st December, 2008	29 th January, 2009
Audited financial results for the fourth quarter and the year ended 31 st March, 2009	28 th May, 2009

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
2007-08	Wednesday, 30 th July, 2008	3.00 p.m.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Yes
2006-07	Wednesday, 25 th July, 2007	3.30 p.m.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	No
2005-06	Friday, 28 th July, 2006	3.00 p.m.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi	No

Postal Ballot

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

Compliance

Mandatory Requirements

As on 31st March, 2009 the Company is compliant with all the applicable mandatory requirements of the Clause 49 of the Listing Agreement, except sub clause I(A)(ii) relating to composition of the Board. The Company is in discussions with some eminent business leaders with proposal to join as Independent Directors on the Board of the Company and a formal closure is expected soon.

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. The certificate is annexed to this report.

General Shareholder Information

Annual General Meeting

Date	: 28 th July, 2009
Time	: 3.00 p.m.
Venue	: Air Force Auditorium, Subroto Park, New Delhi - 110 010

Financial Calendar

Financial Year	: 1 st April to 31 st March
For the year ended 31 st March 2009, results were announced on :	
First quarter	: 30 th July, 2008
Second quarter	: 23 rd October, 2008
Third quarter	: 28 th January, 2009
Fourth quarter and annual	: 27 th May, 2009
For the year ending 31 st March 2010, results will be announced by :	
First quarter	: End July, 2009
Second quarter	: End October, 2009
Third quarter	: End January, 2010
Fourth quarter and annual	: End April, 2010 / May, 2010

Book Closure

The dates of book closure	: 24 th July, 2009 to 28 th July, 2009 (both days inclusive)
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Dividend	: No dividend has been recommended for the financial year 2008-09
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Listing	: Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE)
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Stock Codes

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

Listing Fees	: The listing fee for the financial year 2009-10 has been paid to BSE and NSE.
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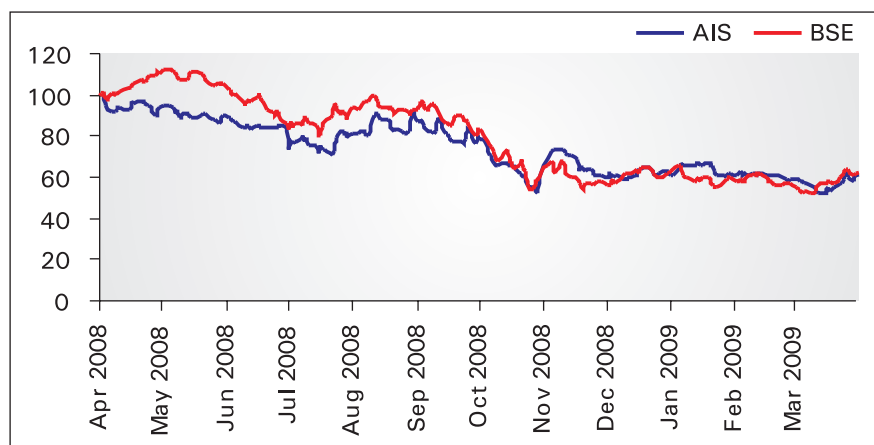
Shareholders' Issues	: The Shareholders may send their queries to the e-mail address- investorrelations@aisglass.com being proactively managed by the Company, under the Investor Relations section of the website of the Company.
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Analysts	: Analysts may 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.
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Stock Market Data

AIS's Share Performance versus BSE Sensex :

AIS vs. BSE: 2008-09



Note : AIS share price and BSE Sensex are indexed to 100 as on 1st April, 2008.

Monthly high and low share price (in Rs. per share) of AIS for 2008-09 at BSE and NSE :

Month	BSE		NSE	
	High	Low	High	Low
Apr - 08	68.90	58.75	68.50	50.65
May - 08	64.50	56.05	63.90	55.60
Jun - 08	59.90	52.15	59.30	53.05
Jul - 08	61.50	45.00	60.00	45.30
Aug - 08	64.00	50.70	63.40	51.20
Sep - 08	63.35	45.00	63.55	45.10
Oct - 08	53.00	30.05	54.80	30.35
Nov - 08	49.50	39.00	49.25	39.00
Dec - 08	42.75	38.00	42.50	37.20
Jan - 09	45.80	38.40	45.90	38.10
Feb - 09	41.25	38.05	42.00	37.50
Mar - 09	42.00	33.00	42.50	33.40

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

Distribution of Shareholding as on 31st March, 2009

Categories (No. of Shares)	Total no. of Shareholders	Percentage	Total no. of Shares held	Percentage
1 - 5000	58,952	98.46	96,64,318	6.04
5001 - 10,000	536	0.90	41,22,017	2.58
10,001 - 20,000	149	0.25	21,75,658	1.36
20,001 - 30,000	39	0.06	9,55,207	0.60
30,001 - 40,000	31	0.05	11,29,013	0.70
40,001 - 50,000	11	0.02	5,04,928	0.32
50,001 - 100,000	55	0.09	39,65,981	2.48
100,001 and above	103	0.17	13,74,10,464	85.92
TOTAL	59,876	100	15,99,27,586	100

Shareholding Pattern as on 31st March, 2009

		As on 31 st March, 2009	
	Category	Total No. of shares	Percentage
A.	Promoters' Holding		
1	Promoters		
	Indian Promoters	4,84,50,408	30.29
	Foreign Promoters	3,98,18,000	24.90
2	Persons Acting in Concert	NIL	NIL
	Total	8,82,68,408	55.19
B.	Non-Promoters' Holding		
3	Institutional Investors		
a.	Mutual Funds and UTI	77,41,498	4.84
b.	Banks, Financial Institutions, Insurance Companies	1,63,151	0.10
c.	FIs	57,72,781	3.61
	Total	1,36,77,430	8.55
4	Others		
a.	Private Corporate Bodies	2,15,99,445	13.50
b.	Indian Public	3,29,54,057	20.61
c.	NRIs / OCBs	32,18,032	2.01
d.	Directors & Relatives (not in control of the Company)	2,01,940	0.13
e.	Trusts	8,274	0.01
	Total	5,79,81,748	36.26
	Grand total	15,99,27,586	100.00

Dematerialisation of Shares

The shares of the Company are in the compulsory demat segment. As on 31st March, 2009, 9,49,33,994 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. During the year name of the Company's Registrar and Share Transfer Agent (RTA) has been changed from Intime Spectrum Registry Ltd. to Link Intime India Pvt. Ltd. The contact details are as below :

Link Intime India Pvt. Ltd. (Mumbai)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Tel: 91-22-2596 3838
Fax: 91-22-2594 6969

Link Intime India Pvt. Ltd. (Delhi)
A-40, 2nd Floor,
Naraina Industrial Area, Phase - II,
New Delhi - 110 028
Tel: 91-11-4141 0592-94
Fax: 91-11-4141 0591

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' / Investor 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.

Registered Office

The Board of Directors, in their meeting held on 27th May, 2009, approved shifting of the Registered Office of the Company within the local limits of the city from 12, Basant Lok, Vasant Vihar, New Delhi - 110057 to 38, Okhla Industrial Area, Phase - III, New Delhi - 110020, for operational convenience and cost reduction by optimising the available office space. The change shall be effective from 1st September, 2009.

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, 2009 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 except that the number of Independent Directors in the composition of the Board is less than the stipulated number as per Clause 49 (I)(A)(ii) of the 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 : 27th May, 2009

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, 2009, 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 (Auditors' 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) *As stated in Note 18, schedule 15 the Company has paid Rs. 83 Lakhs as remuneration to managing and other directors which is in excess of the limits under the Companies Act, 1956. Had the Company accounted for the remuneration in accordance with the Act the Loss after tax for the year would have been lower by Rs. 83 Lakhs and loans and advances would have been higher by the same amount;*
 - g) *Subject to our comments in para (f) above, 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, 2009;
 - ii. In the case of the Profit and Loss Account, of the Loss of the Company 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 **Jagdish Sapra & Co.**
Chartered Accountants

Jagdish Sapra
Partner
M. No. 9194

Place : New Delhi
Dated : 27th May, 2009

Annexure to the Auditors' Report

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

- i. 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.
- ii. 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.
- iii. 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.
- 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 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.
- v. 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.
- vi. As the Company has not accepted any deposits from the public, paragraph 4(vi) of the Order is not applicable.
- vii. 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.

viii. 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.

ix. 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) There are no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

x. 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.

xi. 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 term loan repayment of dues to banks *except delay of 3 days and 25 days in repayment of two loan instalments of Rs. 417 Lakhs each and repayment of Rs. 2000 Lakhs due on 31st March, 2009 for which the Company has approached for rescheduling.* The Company has not obtained any borrowings by way of debentures or from any financial institutions as defined in para 22 of the Order.

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

xiii. 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.

xiv. 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.

xv. 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.

Name 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 /Custom & Central Excise Settlement Commission
The Central Excise Act	Excise Duty	819	Joint/Assistant/Commissioner Central Excise
The Custom Act, 1962	Custom Duty	1606	Deputy Commissioner of Customs
Wealth Tax Act	Wealth Tax	10	Commissioner of Income Tax/ Wealth Tax (Appeals)
Gram Panchayat Act	Gram Panchayat Tax	13	Civil Judge
Sales Tax Act	Sales Tax/VAT	2564	Sales Tax Authorities

- xvi. 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.
- xvii. 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.
- xviii. 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.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any 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 **Jagdish Sapra & Co.**
Chartered Accountants

Jagdish Sapra
Partner
M. No. 9194

Place : New Delhi
Dated : 27th May, 2009

Balance Sheet

Rs. Lakhs

	Schedule	As at 31 st March, 2009	As at 31 st March, 2008
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	1599	1599
b) Reserves and Surplus	2	18599	20198
			27846
			29445
2. Loan Funds			
a) Secured Loans	3	128423	107262
b) Unsecured Loans	4	33307	161730
			31881
			139143
3. Deferred Tax Liability (Net)			
			–
			2844
Total		181928	171432
APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		205864	184405
b) Less : Depreciation and Amortisation		70896	59712
c) Net Block		134968	124693
d) Capital Work-in-Progress (Schedule 15, Note 17)		4222	4735
e) Impaired Assets held for disposal		119	139309
			109
			129537
2. Investments	6	639	592
3. Current Assets, Loans and Advances			
Current Assets	7		
a) Inventories		35038	36313
b) Sundry Debtors		17610	10796
c) Cash and Bank Balances etc.		1687	1639
d) Other Current Assets		1314	1421
Loans and Advances	8	10800	11457
		66449	61626
Less : Current Liabilities and Provisions	9		
a) Current Liabilities		27716	19995
b) Provisions		399	328
		28115	20323
Net Current Assets		38334	41303
4. Deferred Tax Asset (Net) (Schedule 15, Note 14)		2408	–
5. Foreign Currency Monetary Item Translation			
Difference Account (Schedule 15, Note 13)		1238	–
Total		181928	171432
Notes to the Accounts	15		

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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Profit and Loss Account

Rs. Lakhs

	Schedule	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
INCOME			
Turnover and Inter Division Transfers		135398	117419
Less : Inter Division Transfers		5120	6037
Turnover		130278	111382
Less : Excise Duty		8457	12029
Net Turnover		121821	99353
Other Income	10	1154	6006
		122975	105359
EXPENDITURE			
Materials and Manufacturing	11	76754	59547
Personnel	12	8225	7685
Selling, Administration and Others	13	23717	17665
Interest	14	12433	8476
		121129	93373
Profit Before Depreciation and Tax		1846	11986
Depreciation and Amortisation		(11349)	(10050)
Reversal of Impairment Loss		14	17
Prior Period Adjustments (Net)		(87)	5
(Loss)/Profit Before Tax		(9576)	1958
Provision for Taxation			
Current Tax		(7)	(213)
Deferred Tax Asset/(Liability) (Net)		5672	(455)
Fringe Benefit Tax		(105)	(130)
MAT Credit Entitlement		-	207
(Loss)/Profit After Tax		(4016)	1367
Taxation Adjustment of earlier years		(44)	(33)
Balance Brought Forward		10270	9536
Profit Available for Appropriation		6210	10870
APPROPRIATIONS			
Dividend on Preference Shares *		-	-
Corporate Dividend Tax *		-	-
Capital Redemption Reserve (on redemption of Preference Shares)		-	600
Balance Carried to Balance Sheet		6210	10270
		6210	10870
* Rounded off to Nil.			
Earnings Per Share - (Basic and Diluted) (Rs.)		(2.54)	0.83
(Schedule 15, Note 20)			
Notes to the Accounts	15		

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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Schedules to the Accounts

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
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

Note :

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

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	1395	795
Add : Transferred from Profit and Loss Account	– 1395	600 1395
General Reserve		
As per last Balance Sheet	15521	15521
Less : Adjustment of Exchange Rate Differences	5187 10334	– 15521
(Schedule 15, Note 13)		
Surplus in Profit and Loss Account	6210	10270
	18599	27846

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 3 : SECURED LOANS		
Banks		
Working Capital	45370	37545
Foreign Currency Term Loans	69148	58250
Rupee Term Loans	13000 127518	10003 105798
Others		
Loan from Distt. Industries Centre, Government of Haryana (Interest Free)	905	1464
	128423	107262

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.
3. Rupee Term Loans are secured by pari-passu charge on fixed assets of plant at Rewari & T-7, Taloja and also equitable mortgage of landed property at Rewari.
4. Loan from Distt. Industries Centre is secured by way of first pari-passu charge on fixed assets of plant at Rewari.

SCHEDULE 4 : UNSECURED LOANS

Short Term Loans From Banks	9094	12727
Foreign Currency Loan (Interest Free)	24213	19154
	33307	31881

SCHEDULE 5 : FIXED ASSETS

Description	Gross Block			Depreciation/Amortisation				Net Block		
	As At 1 st April, 2008	Additions	Deductions	As At 31 st March, 2009	As At 1 st April, 2008	For the Year	Adjustments	As At 31 st March, 2009	As At 31 st March, 2009	As At 31 st March, 2008
Tangible Assets										
Freehold Land	1814	–	–	1814	–	–	–	–	1814	1814
Leasehold Land	1474	–	–	1474	192	16	–	208	1266	1282
Buildings	32643	4052	–	36695	3743	859	–	4602	32093	28900
Plant and Machinery	126112	16704	263	142553	46830	9016	85	55761	86792	79282
Electrical Installations and Fittings	14598	788	1	15385	4905	759	–	5664	9721	9693
Furniture and Fixtures	1020	32	–	1052	403	61	–	464	588	617
Miscellaneous Assets	2971	162	14	3119	1424	235	5	1654	1465	1547
Vehicles	980	56	162	874	298	86	75	309	565	682
	181612	21794	440	202966	57795	11032	165	68662	134304	123817
Intangible Assets										
Licence Fees	1115	–	–	1115	1115	–	–	1115	–	–
E Mark Charges	59	18	–	77	24	9	–	33	44	35
Computer Software	1619	87	–	1706	778	308	–	1086	620	841
	2793	105	–	2898	1917	317	–	2234	664	876
Total	184405	21899	440	205864	59712	11349	165	70896	134968	124693
Previous Year	159738	25113	446	184405	49745	10067	100	59712	124693	
Capital Work-in-Progress (Including Capital Advances)									4222	4735
Impaired Assets Held for Disposal									119	109

Notes :

- a) Buildings include Rs. 115 Lakhs (Previous year Rs.115 Lakhs) being cost of ownership of 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. 334 Lakhs (Previous year Rs. 334 Lakhs) paid to State Electricity Board not represented by physical assets owned by the Company.
- c) Buildings, Plant and Machinery and Electrical Installations Include Rs. 11297 Lakhs (Previous year Nil) being increase in rupee liability in respect of Differences In Foreign Exchange Rates as per Companies (Accounting Standards) Amendment Rules 2009 (Schedule 15, Note 13).

Rs. Lakhs

	As at 31 st March, 2009		As at 31 st March, 2008	
SCHEDULE 6 : INVESTMENTS	QUOTED	UNQUOTED	QUOTED	UNQUOTED
Long Term - Non Trade				
In Government Securities				
National Saving Certificates * **	–	–	–	–
In 5 (5) Shares of Taloja CETP Co-operative Society Limited **	–	–	–	–
In Equity Shares-fully Paid Up				
Jamna Auto Industries Limited				
82500 (82500) equity shares of Rs. 10 each	36	–	36	–
Trade				
AIS Adhesives Limited				
1049895 (349965) equity shares of Rs. 10 each	–	105	–	35
(699930 equity shares purchased during the year)				
Asahi India Map Auto Glass Limited				
100000 (100000) equity shares of Rs. 10 each	–	192	–	192
Vincotte International India Assessment Services Pvt. Ltd.				
33000 (33000) equity shares of Rs. 100 each	–	33	–	33
Subsidiary Companies				
AIS Glass Solutions Limited				
2960000 (2960000) equity shares of Rs. 10 each	–	296	–	296
Integrated Glass Materials Limited				
50000 (0) equity shares of Rs.10 each	–	5	–	–
(Purchased during the year)				
	36	631	36	556
Total		667		592
Less : Diminution in value		28		–
		639		592

Aggregate value of quoted investment - market value of 8 Lakhs (Previous year Rs. 51 Lakhs).

* Pledged with Sales Tax Authorities.

** Rounded off to Nil.

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 7 : CURRENT ASSETS		
Inventories* (As taken, valued and certified by Management)		
i) Stores and Spare parts	6031	5111
ii) Raw Materials	6682	8408
iii) Finished and Traded Goods	20823	21383
iv) Waste	62	49
v) Work in Process	1440	1362
	35038	36313
* Include in Transit Rs. 1397 Lakhs (Previous year Rs. 1271 Lakhs).		
Sundry Debtors (Considered good except where provided for)		
Secured		
Over Six Months	11	7
Others	320 331	274 281
Unsecured		
Over Six Months	2019	997
Others	15330 17349	9591 10588
	17680	10869
Considered Good	17610	10796
Considered Doubtful	70	73
Less : Provision for Doubtful debts	70	73
	17610	10796
Cash and Bank Balances etc.		
Cash in Hand (As certified)	62	31
Cheques in Hand/Remittances in Transit	971	925
Balance with Post Office in Saving Account **	–	–
Balances with Scheduled Banks		
Current/Cash Credit Accounts	488	515
Deposit Account	2	2
Dividend Warrant Accounts	164	166
	1687	1639
Other Current Assets (Unsecured and considered good)		
Interest Accrued on Investments **	–	–
Deposits with Government and others	1314	1421
	1314	1421

** Rounded off to Nil.

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 8 : LOANS AND ADVANCES		
(Unsecured and considered good)		
Loan (Including interest accrued)	12	12
Advances		
Advances recoverable in cash or in kind		
or for value to be received and/or adjusted *	7065	6617
MAT Credit Recoverable	1407	1407
Advance Income Tax (Net of provision)	20	15
Balance with Excise Authorities	2296	3406
	10800	11457

* Include Rs. 2412 Lakhs due from Subsidiary Companies (Previous year Rs. 1658 Lakhs).

SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS

Current Liabilities		
Acceptances	866	188
Sundry Creditors		
Micro, Small and Medium Enterprises *	–	–
Others **	19151	15619
Advances from Customers	3572	670
Investor Education and Protection Fund ***	164	166
Other Liabilities	2376	2271
Interest accrued but not due on loans	1587	1081
	27716	19995
Provisions		
Fringe Benefit Tax (Net of taxes paid)	38	9
Employee Benefits **	361	319
	399	328

* Pursuant to amendments to Schedule VI to the Companies Act, 1956, the amounts due to Micro, Small and Medium 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.

** Include Rs. Nil due to Managing and other Directors (Previous year Rs. 75 Lakhs).

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

Rs. Lakhs

	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
SCHEDULE 10 : OTHER INCOME		
Interest [Tax deducted at source Rs. 21 Lakhs (Previous year Rs. 39 Lakhs)]	130	180
Rent Received	2	2
Profit on Sale of Fixed Assets (Net) *	–	115
Exchange Rate Differences (Net)	–	5243
Liabilities and Provisions Written Back	73	102
Dividend on Long Term Investments - Non Trade (Gross)	–	7
Commission Received	131	111
Miscellaneous	818	246
	1154	6006

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

SCHEDULE 11 : MATERIALS AND MANUFACTURING

Raw Materials Consumed				
Opening Stock	8408		6234	
Add : Purchases	33618		33358	
	42026		39592	
Less : Sales/Trial Run	248		121	
Closing Stock	6682	35096	8408	31063
Excise Duty		(485)		(116)
Purchases of Finished Goods		444		677
Manufacturing Expenses				
Power, Fuel, Water and Utilities		28238		24034
Stores and Spares etc. consumed		9009		8756
Miscellaneous Expenses		1141		1568
Repairs and Maintenance				
Plant and Machinery	2634		2785	
Building	208	2842	283	3068
Add/(Less) : Decrease/(Increase) in Stocks				
Opening Stock				
Finished and Traded Goods	21383		12304	
Work in Process	1362		955	
Waste	49		32	
	22794		13291	
Closing Stock				
Finished and Traded Goods	20823		21383	
Work in Process	1440		1362	
Waste	62		49	
	22325	469	22794	(9503)
		76754		59547

Rs. Lakhs

	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
SCHEDULE 12 : PERSONNEL		
Salaries, Wages, Allowances and Bonus	6433	5781
Recruitment and Training Expenses	89	118
Welfare Expenses	1247	1287
Contribution to Provident and Other Funds	456	499
	8225	7685

SCHEDULE 13 : SELLING, ADMINISTRATION AND OTHERS

Advertisement	146	652
Packing and Forwarding	10512	7919
Commission Paid	868	665
Royalty	2376	1895
Cash Discount	672	551
Bank Charges	452	510
Travelling and Conveyance	615	998
Rent	400	353
Rates and Taxes	282	265
Insurance	434	580
Auditors Remuneration	24	25
Repairs and Maintenance Others	225	166
Miscellaneous Expenses	2592	3060
Provision for Doubtful Debt	4	–
Loss on Sale of Fixed Assets (Net)	134	–
Exchange Rate Differences (Net)	3209	–
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	618	–
Director's Sitting Fee	7	7
Bad and Doubtful Debts	147	15
Commission to Non Working Directors	–	4
	23717	17665

SCHEDULE 14 : INTEREST

Interest		
On Fixed Loans	5235	5613
Others	7198	2863
	12433	8476

SCHEDULE 15 : NOTES TO THE ACCOUNTS

1. Statement of Significant Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, Accounting Standards notified under sub-section 3(C) of Section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

b) Fixed Assets

- i) Fixed assets are carried at the cost of acquisition less accumulated depreciation. The cost of fixed assets include taxes, duties (net of tax credits as applicable), freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds attributable to the qualifying assets up to the period such assets are put to use, is included in the cost of fixed assets.
- 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.
- iii) Assets identified and evaluated technically as obsolete and held for disposal are stated at lower of book value and estimated net realisable value/salvage value.

c) 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.

d) 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.

e) 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.

f) Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is on dispatch of goods. The amount recognised as sale is exclusive of VAT/Sales Tax and are net of returns and transit insurance claims short received. 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 as part of the "Materials and Manufacturing".

Dividend income is recognised when the right to receive payment is established.

Interest and other income is accounted for on accrual basis.

g) Government Grants

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

h) 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.

i) Employee Benefits

Contribution to Defined Contribution Scheme 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.

j) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions outstanding at the 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 except for long term foreign currency monetary items in respect of which the Company has exercised the option as provided in Companies (Accounting Standards) Amendment Rules, 2009 inserted vide notification no. GSR 225(E) dated 31st March, 2009 issued by Ministry of Corporate Affairs.

Pursuant to above Rules exchange differences arising on long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted in the cost of the asset and depreciated over the balance life of the asset. In other cases, such exchange differences are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' in the financial statements and amortised over the balance period of such long term asset/liability but not beyond 31st March, 2011.

Exchange differences arising on long term liabilities which were recognised in the Profit and Loss Account for financial year 2007-08 have been reversed and adjusted in the cost of fixed assets/transferred to Foreign Currency Monetary Item Translation Difference Account through General Reserve.

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.

k) 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 asset 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.

l) Prior Period Items

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

m) 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.

n) 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. 409 Lakhs (Rs. 2627 Lakhs) (net of advances).

3. Contingent Liabilities for :

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
a) Bank guarantees and letters of credit outstanding	2988	4005
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)	2737	2583
ii) Disputed income tax/wealth tax demands	10	17
iii) Corporate Guarantees [including Rs. 4187 Lakhs (Rs. 4715 Lakhs) for a subsidiary]	5167	5166
iv) Channel Financing from Bank	1223	1427
v) Disputed sales tax demands	2564	–
vi) Others	13	118

4. a) As per Accounting Standard (AS)-15 (revised 2005) on Employee Benefits, details of expenses under Defined Contribution Plan are given as under :

Rs. Lakhs

	2008-09	2007-08
Provident Fund	305	265
Superannuation Fund	42	39
Employee State Insurance	18	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		Leave Liability	
	Funded Plan		Non Funded Plan	
	2008-09	2007-08	2008-09	2007-08
i) Reconciliation of opening and closing balances of obligation				
a) Present value of obligation at the beginning of the year	414	266	83	76
b) Interest Cost	41	21	8	6
c) Current service cost	42	53	5	13
d) Benefit paid	(64)	(48)	(26)	(17)
e) Actuarial (Gain)/Loss	28	122	–	5
f) Present value of obligation at the end of the year	461	414	70	83
ii) Reconciliation of opening and closing defined benefit assets				
a) Present value of plan assets at the beginning of the year	329	242		
b) Expected return on planned assets	30	19		
c) Contribution paid	39	110		
d) Benefit paid	(64)	(48)		
e) Actuarial (Gain)/Loss	10	(6)		
f) Present value of assets at the end of the year	324	329		
Total actuarial (Gain)/Loss	38	116		
iii) Reconciliation of fair value of assets and obligation				
a) Present value of obligation at the end of the year	461	414	70	83
b) Present value of plan asset at the end of the year	324	329	–	–
c) Liability recognised in balance sheet	137	85	70	83
iv) Expense recognised during the year				
a) Current service cost	42	53	5	13
b) Interest cost	41	21	8	6
c) Expected return on plan assets	30	19	–	–
d) Total actuarial (Gain)/Loss	38	116	–	5
e) Expenses recognised during the year	91	171	13	24
v) Disclosure of investment detail			%	%
Life Insurance Corporation of India	207	195	63.88	59.27
HDFC Standard Life Insurance	117	134	36.12	40.73
	324	329	100.00	100.00
vi) Actuarial Assumption	%	%		
a) Discount rate (per annum)	7.5	8		
b) Interest rate (per annum)	10	8		
c) Estimated rate of return on plan assets (per annum)	9	8		
d) Rate of escalation in salary (per annum)	2	3		

5. The Company has taken offices, warehouses and residential facilities 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. 414 Lakhs (Rs. 353 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

	2008-09	2007-08
a) Statutory Audit	20	20
b) Certification Fees	3	3
c) Out of pocket expenses	1	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

	2008-09	2007-08
a) Excise duty and service tax	33	61
b) Other expenses/(reversals)	77	(4)
c) Depreciation short provided	3	1
d) Income of earlier years	(26)	(63)
	87	(5)

10. Purchases of raw materials during the year are net of quality claims against the suppliers including claims of Rs. 6 Lakhs (Rs. 209 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 diminution in value of equity shares of subsidiary company AIS Glass Solutions Ltd. as investment is long term and diminution in value is temporary.
13. In accordance with Companies (Accounting Standards) Amendment Rules 2009, the Company has exercised the option of adjusting exchange differences arising on reporting of long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of the assets to be depreciated over the balance life of the assets.

Consequent to the above amendment, foreign exchange gain in the Profit and Loss Account for the year 2007-08 amounting to Rs. 3908 Lakhs relating to acquisition of depreciable capital assets and Rs. 858 Lakhs

on other long term monetary items has been adjusted from General Reserve. Out of Foreign Currency Monetary Item Translation Difference Account of Rs.1856 Lakhs, an amount of Rs. 618 Lakhs has been amortised. Deferred tax liability of Rs. 421 Lakhs on such "Translation Difference Account" has been adjusted from General Reserve. Had the Company continued to follow the earlier basis of accounting foreign exchange differences on long term foreign currency monetary items, the loss for the year would have been higher by Rs. 17300 Lakhs, General Reserve would have been higher by Rs. 5187 Lakhs, and net block of fixed assets would have been lower by Rs. 11297 Lakhs.

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

	As at 31 st March, 2009	As at 31 st March, 2008
Unabsorbed depreciation/carried forward of losses under Tax Laws	14359	7489
Difference between book depreciation and depreciation under the Income Tax Rules	(11587)	(10389)
Expenses allowed for tax purpose on payment basis	35	32
Provision for doubtful debts and advances	22	24
Others	(421)	–
	2408	(2844)

15. Interest of Rs. 104 Lakhs (Rs. 308 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 contracts for trading and speculative purposes.

The forward contracts outstanding as at 31st March, 2009 are as under :

Currency Exchange	Nos.	USD Lakhs	EURO Lakhs
a) Number of sell contracts	10		
b) Aggregate amount		10	44.25

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

	As at 31 st March, 2009	As at 31 st March, 2008
Building under construction	244	178
Plant and Machinery under erection	2839	3283
Electrical installations under erection	16	41
Capital advances	842	1079
Pre-operative expenses	217	118
Others	64	36
	4222	4735

18. Details of managerial remuneration paid during the year : Rs. Lakhs

	2008-09	2007-08
Salaries and Allowances	71	101
Commission on Profits	–	93
Perquisites (Actual and/or valued as per Income Tax Rules)	36	30
Contribution to Provident Fund	3	4
	110	228

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

- a) The remuneration to the managing and other directors is approved by the shareholders of the Company. However owing to the losses during the year such remuneration was not determinable on the date of such approval. The remuneration so approved and paid is in excess of the requirements of the Companies Act, 1956. An application is being made to the Central Government for waiver of excess remuneration.
- b) Computation of net profit in accordance with the provision of Section 349 of the Companies Act, 1956 has not been given since no commission is payable to the managing and other directors.

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

	Maximum Balance	As at 31 st March, 2009
a) Managing Director	7 (3)	7 (3)
b) Private Limited Company in which the Managing Director of the Company is interested as Director	18 (18)	18 (18)

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

	2008-09	2007-08
(Loss)/Profit After Tax as per Profit and Loss Account	(4016)	1367
Tax adjustments of earlier years	(44)	(33)
Dividend on Preference Shares Including Tax thereon	(–)	* (–)
Profit Attributable to Equity shareholders - (A)	(4060)	1334
Basic/Weighted average number of Equity Shares outstanding - (B)	159927586	159927586
Nominal Value of Equity Shares (Re.)	1/- each	1/- each
Earnings Per Share (Basic and Diluted) (Rs.) - (A)/(B)	(2.54)	0.83

* Rounded off to Nil.

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

a) List of Related Parties

- i) Subsidiaries : AIS Glass Solutions Ltd., Integrated Glass Materials 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., Asahi Glass Ceramics Co. Ltd., P.T. Asahimas Flat Glass TBK Indonesia, AGC Automotive Thailand Co. Ltd., AGC Flat Glass, Hellas, AGC Flat Glass, Russia, AGC Flat Glass, Europe S.A., AGC Flat Glass, Nederland BV.

b. Transactions with Related Parties :
Rs. Lakhs

Nature of Transaction	Subsidiaries		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	
	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08
1. Expenses										
- Purchase of materials and										
Power & Fuel	100	16	-	-	-	-	-	-	6867	7990
- Purchase of traded goods	-	-	-	-	-	-	-	-	335	-
- Business promotion expenses	-	-	-	-	22	29	-	-	2	-
- Remuneration to directors	-	-	-	-	-	-	As per Note No.18 above		-	-
- Directors sitting fee	-	-	-	-	-	-	1	1	-	-
- Rent paid	-	-	-	-	18	18	13	15	-	-
- Fee for technical and consultancy services	-	-	-	-	-	-	-	-	12	1007
- Donation	-	-	-	-	1	1	-	-	-	-
- Training expenses	-	-	-	-	15	-	-	-	-	-
- Repairs and Maintenance	-	-	-	-	-	-	-	-	85	34
- Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	4
- Royalty	-	-	-	-	-	-	-	-	2374	1894
- Dividend on Preference Shares	-	-	-	-	-	-	-	-	-	* -
- Membership and Subscription	-	-	-	-	-	2	-	-	-	2
- Commission	-	28	-	-	-	-	-	-	3	-
- Interest on Advance	-	1	-	-	-	-	-	-	-	-
2. Income										
- Sale of goods etc.	1371	696	3723	2516	-	-	-	-	6366	142
- Sale of fixed assets	133	4984	-	-	-	-	-	-	-	-
- Interest/Commission received	94	158	-	-	-	-	-	-	131	133
3. Purchase of Capital Goods	43	-	-	-	-	-	-	-	1604	7914
4. Investment in Equity Shares	5	-	70	-	-	-	-	-	-	-
5. Corporate Guarantee given	-	4715	-	-	-	-	-	-	-	-
6. Balance as on	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08
- Loans and advances	2412	1658	-	-	18	18	7	10	15	47
- Creditors	-	-	-	-	-	3	-	75	5111	3394
- Debtors	1079	634	790	767	-	-	-	-	665	26
- Foreign Currency Loan	-	-	-	-	-	-	-	-	24213	19154

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.

22. Segment Information :

Rs. Lakhs

a) Information about Primary Business Segments

Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Segment revenue					
External	52143	66149	4553		122845
	(49656)	(49975)	(5425)		(105056)
Inter segment sales (Net of excise duty)	98	4873	7	(4978)	-
	(71)	(5720)	(10)	(-5801)	-
Other income			130		130
			(303)		(303)
Total revenue	52241	71022	4690	(4978)	122975
	(49727)	(55695)	(5738)	(-5801)	(105359)
Segment result	2787	226	(286)		2727
	(7650)	(2132)	(349)		(10131)
Unallocated Income (net of expenses)			-		-
			(123)		(123)
Operating profit	2787	226	(286)		2727
	(7650)	(2132)	(472)		(10254)
Interest expense			12433		12433
			(8476)		(8476)
Interest income			130		130
			(180)		(180)
Income taxes - Current Tax			7		7
			(213)		(213)
- Deferred Tax (Net)			(5672)		(5672)
			(455)		(455)
- Fringe Benefit Tax			105		105
			(130)		(130)
- MAT Credit Entitlement			-		-
			(-207)		(-207)
Taxes paid for earlier years			44		44
			(33)		(33)
Net (Loss)/Profit	2787	226	(7073)		(4060)
	(7650)	(2132)	(-8448)		(1334)
Other information					
Segment assets	70449	121038	14910		206397
	(67639)	(113797)	(10319)		(191755)
Total assets	70449	121038	14910		206397
	(67639)	(113797)	(10319)		(191755)
Segment liabilities	14381	10768	2966		28115
	(8018)	(10372)	(1933)		(20323)
Share capital and reserves			18960		18960
			(29445)		(29445)
Secured and unsecured loans			161730		161730
			(139143)		(139143)
Deferred Tax (Asset)/Liability			(2408)		(2408)
			(2844)		(2844)
Total liabilities	14381	10768	181248		206397
	(8018)	(10372)	(173365)		(191755)
Capital expenditure	8745	1094	11547		21386
	(9643)	(3146)	(-3181)		(9608)
Depreciation/Amortisation	4702	6038	609		11349
	(3862)	(5630)	(558)		(10050)

b) Information about Secondary Business Segments

Rs. Lakhs

Particulars	India	Outside India	Total
Revenue by Geographical Market			
External	112016	15937	127953
	(103234)	(7926)	(111160)
Less : Inter segment sales (Net of excise duty)	4978		4978
	(5801)		(5801)
Total	107038	15937	122975
	(97433)	(7926)	(105359)

- 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.
- 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.
- 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.
- 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.

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.	6812000	3745208
		(6512000)	(3838752)
Laminated Glass	Nos.	3400000	2247416
		(2350000)	(2166386)
Architectural Glass	Sq. Mts.	1404000	321814
		(1404000)	(378194)
Float Glass *	Conv. Sq. Mts.	71890000	** 63435030
		(71890000)	(62519282)
Reflective Glass	Conv. Sq. Mts.	–	** 1687226
		(–)	(3126828)
Mirror	Sq. Mts.	3650000	** 1277524
		(3650000)	(1254041)

* Installed capacity of Float Glass includes capacity of Reflective Glass also.

** Net of Breakages.

Notes :

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

b) Sales, Purchases, Opening Stock, and Closing Stock :

Rs. Lakhs

Product	Unit	Sales		Purchases		Opening Stock		Closnig Stock	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Toughened Glass	Sq. Mts.	* 3733843	22843	Nil	Nil	191340	1079	182272	1033
		(3820172)	(23184)	(Nil)	(Nil)	(179727)	(958)	(191340)	(1079)
Laminated Glass	Nos.	** 2260716	28695	Nil	Nil	105441	1129	80848	893
		(2141958)	(25972)	(Nil)	(Nil)	(81725)	(885)	(105441)	(1129)
Float Glass	Conv. Sq. Mts.	***** 60393163	58909	Nil	Nil	21433453	16406	19178204	15465
		(46488674)	(39873)	(Nil)	(Nil)	(12702793)	(10097)	(21433453)	(16406)
Architectural Glass	Sq. Mts.	*** 322477	4522	Nil	Nil	7009	73	6346	86
		(382084)	(5282)	(Nil)	(Nil)	(11742)	(130)	(7009)	(73)
Reflective Glass	Conv. Sq. Mts.	**** 1328989	2976	Nil	Nil	1860523	1995	2124250	2500
		(1038797)	(2048)	(Nil)	(Nil)	(Nil)	(Nil)	(1860523)	(1995)
Mirror Glass	Conv. Sq. Mts.	1235678	2553	Nil	Nil	299536	406	341382	514
		(954505)	(1723)	(Nil)	(Nil)	(Nil)	(Nil)	(299536)	(406)
Traded Goods	Conv. Sq. Mts.	***** 176950	515	192461	444	119273	295	134139	332
		(297381)	(639)	(295795)	(677)	(122952)	(211)	(119273)	(295)
Miscellaneous			808						
			(632)						

Excluding *20433 (6967) Sq. Mts., **11293 (712) Nos., ***Nil (843) Sq. Mts., *****645 (2093) Conv. Sq. Mts. destroyed/broken. Net of inter-unit transfer *****5297116 (7299948) Conv. Sq. Mts., ****94510 (227508) Conv. Sq. Mts.

c) Raw Materials Consumed :

Rs. Lakhs

	Unit	Quantity	Value
Float Glass	Sq. Mts.	8385296	13282
		(8124130)	(11376)
PVB Films	Sq. Mts.	2296162	4960
		(2270682)	(4260)
Soda Ash	M.T.	63323	8115
		(65610)	(8436)
Others			8739
			(6991)

d) Value of Raw Materials, Spare Parts and Components Consumed :

Rs. Lakhs

	Amount	Percentage
i) Raw Materials		
Imported	20260	57.73
	(16939)	(54.53)
Indigenous	14836	42.27
	(14124)	(45.47)
ii) Stores and spare parts		
Imported	1157	12.84
	(1082)	(12.36)
Indigenous	7852	87.16
	(7674)	(87.64)

e) CIF value of Imports :

Rs. Lakhs

	Amount	Amount
i) Raw Materials	16636	(14947)
ii) Stores and Spares Parts etc.	2935	(2303)
iii) Capital Goods (excluding stores included in (ii) above)	3510	(6298)
iv) Traded Goods	335	(491)

f) Expenditure in Foreign Currency : Rs. Lakhs

	Amount	Amount
i) Instalments towards foreign currency loans	4019	(3273)
ii) Interest on foreign currency loans	3939	(3509)
iii) Royalty (Net of Taxes)	1965	(1573)
iv) Professional charges	102	(498)
v) Others	502	(667)

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
Final dividend on Preference Shares	2008-09	2007-08	Nil	Nil	Nil
	(2007-08)	(2006-07)	(600000)	(1)	(0.06)

h) Earnings in Foreign Exchange : Rs. Lakhs

	Amount	Amount
i) F.O.B. value of Exports (excluding paid samples)	13553	(6943)
ii) Interest and Commission Received	131	(111)

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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Cash Flow Statement

Rs. Lakhs

	2008-2009 Amount	2007-2008 Amount
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss)/Profit before tax and extraordinary items	(9489)	1953
Adjustment for :		
Depreciation and Amortisation of Intangible Assets	11349	10050
Reversal of Impairment Loss	(14)	(17)
Loss/(Profit) on sale of fixed assets (Net)	134	(115)
Amortisation of Foreign Currency Monetary Item	618	–
Diminution in the value of long term investments	28	–
Interest paid	12433	8476
Interest received	(130)	(180)
Dividend received	–	(7)
Operating Profit before working capital changes	14929	20160
Adjustment for :		
Trade and other receivables	(6050)	(3193)
Inventories	1275	(12168)
Trade payable	7794	(1666)
CASH GENERATED FROM OPERATIONS	17948	3133
Interest paid	(12433)	(8476)
Direct taxes paid	(156)	(376)
Increase in Foreign Currency Monetary Item	(2715)	–
CASH FLOW BEFORE PRIOR PERIOD ITEMS	2644	(5719)
Prior Period items (Net)	(87)	5
NET CASH FROM OPERATING ACTIVITIES	2557	(5714)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress	(25290)	(9609)
Sale of fixed assets	141	461
Purchase of Investments	(75)	–
Dividend received on investments	–	7
Interest received	130	180
NET CASH USED IN INVESTING ACTIVITIES	(25094)	(8961)

Rs. Lakhs

	2008-2009		2007-2008	
	Amount	Amount	Amount	Amount
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of Long Term Borrowings	22973		7719	
Repayment of Long Term Borrowings	(4578)		(3709)	
Net proceeds of Short Term Borrowings	4192		11160	
Redemption of Preference Shares	–		(600)	
Dividend and Dividend Tax Paid	–		* –	
NET CASH USED IN FINANCING ACTIVITIES		22587		14570
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C)		50		(105)
CASH AND CASH EQUIVALENT As At 1st April, 2008 (Opening Balance)	1473		1578	
CASH AND CASH EQUIVALENT As At 31st March, 2009 (Closing Balance)	1523		1473	

* Rounded off to Nil.

Notes :

- 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.
- Figures in brackets represent outflows.
- 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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

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.

				1	9	5	4	2
--	--	--	--	---	---	---	---	---

Balance Sheet Date

3	1
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0	3
---	---

2	0	0	9
---	---	---	---

State Code

5	5
---	---

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

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Right Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

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

Total Liabilities

					2	0	8	8	0	5
--	--	--	--	--	---	---	---	---	---	---

Sources of Funds

Paid up Capital

								1	5	9	9
--	--	--	--	--	--	--	--	---	---	---	---

Secured Loans

					1	2	8	4	2	3
--	--	--	--	--	---	---	---	---	---	---

Deferred Tax Liability

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

					1	3	9	3	0	9
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

						3	8	3	3	4
--	--	--	--	--	--	---	---	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Total Assets

					2	0	8	8	0	5
--	--	--	--	--	---	---	---	---	---	---

Reserves and Surplus

								1	7	3	6	1
--	--	--	--	--	--	--	--	---	---	---	---	---

Unsecured Loans

						3	3	3	0	7
--	--	--	--	--	--	---	---	---	---	---

IV. Performance of Company (Amount Rs. Lakhs)

Total Income

					1	2	2	9	7	5
--	--	--	--	--	---	---	---	---	---	---

Profit/(Loss) before tax

					(9	5	7	6)
--	--	--	--	--	---	---	---	---	---	---

Earning per Share (Rs.)

					(2	.	5	4)
--	--	--	--	--	---	---	---	---	---	---

Total Expenditure

					1	3	2	5	5	1
--	--	--	--	--	---	---	---	---	---	---

Profit/(Loss) after tax

					(4	0	6	0)
--	--	--	--	--	---	---	---	---	---	---

Dividend

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

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

1. Toughened (Tempered) Safety Glass
2. a) Laminated Safety Glass
b) Laminated Architectural Safety Glass
3. Float Glass - Clear
4. Float Glass - Tinted
5. Float Glass - Mirror

Ch. H. No. 7004-10
Ch. H. No. 7004-20 Glass (Flat)
Ch. H. No. 7004-10
Ch. H. No. 7004-21
Ch. H. No. 7004-10

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 : 27th May, 2009

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	31 st March, 2009
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	74.44% (75.20%)
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 31 st March, 2009	Rs. (178.59) Lakhs [Rs. (323) Lakhs]
b) not dealt with in the accounts of Asahi India Glass Ltd. Profit/(Loss) for the year ended 31 st March, 2009	Rs. (60.68) Lakhs [Rs. (105) Lakhs]
4. Net aggregate amount of the profit/(losses) for previous financial years of the subsidiary since it become subsidiary so far as they concern members of Asahi India Glass Ltd.	
a) dealt with in the accounts of Asahi India Glass Ltd.	Rs. (404) Lakhs [Rs. (81) Lakhs]
b) not dealt with in the accounts of Asahi India Glass Ltd.	Rs. (85) Lakhs [Rs. 20 Lakhs]

Information pursuant to exemption received from Central Government under Section 212(8) of the Companies Act, 1956, relating to subsidiary company, AIS Glass Solutions Limited for the year ended 31st March, 2009

		Rs. Lakhs
S. No.	Particulars	Amount
1.	Capital	398
2.	Reserves	–
3.	Total Assets	7852
4.	Total Liabilities	7852
5.	Details of Investments (except in case of investment in subsidiaries)	–
6.	Turnover	2905
7.	Loss before taxation	(232)
8.	Provision for taxation (FBT)	7
9.	Loss after taxation	(239)
10.	Proposed Dividend	–

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 : 27th May, 2009

Auditors' Report

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, 2009, 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. 3830 Lakhs as at 31st March, 2009 and total revenue of Rs. 2958 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;

- i) 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, 2009;
- ii) 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
- iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows 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 : 27th May, 2009

Consolidated Balance Sheet

Rs. Lakhs

	Schedule	As at 31 st March, 2009	As at 31 st March, 2008
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	1599	1599
b) Reserves and Surplus	2	18097	19696
			27572
			29171
2. Minority Interest			
a) Capital		102	97
b) Reserves and Surplus		(146)	(44)
			(85)
			12
3. Loan Funds			
a) Secured Loans	3	132610	110798
b) Unsecured Loans	4	33307	165917
			31880
			142678
4. Deferred Tax Liability (Net)			
			2844
Total		185569	174705
APPLICATION OF FUNDS			
1. Fixed Assets	5		
a) Gross Block		212294	189203
b) Less : Depreciation and Amortisation		71429	59889
c) Net Block		140865	129314
d) Capital Work-in-Progress		4233	5181
e) Impaired Assets held for disposal		119	145217
			109
			134604
2. Investments - Long Term			
a) Associates (Including goodwill Rs. 190 Lakhs arising on acquisition of associates)		583	522
b) Others [Schedule 14, Note 1(b)]		14	597
			36
			558
3. Current Assets, Loans and Advances			
Current Assets	6		
a) Inventories		35513	36565
b) Sundry Debtors		17463	10527
c) Cash and Bank Balances etc.		1838	1747
d) Other Current Assets		1331	1439
Loans and Advances	7	8612	10139
		64757	60417
Less : Current Liabilities and Provisions	8		
a) Current Liabilities		28226	20534
b) Provisions		422	342
		28648	20876
Net Current Assets		36109	39541
4. Deferred Tax Asset (Net) (Schedule 14, Note 8)		2408	-
5. Miscellaneous Expenditure (to the extent not written off or adjusted)		-	2
6. Foreign Currency Monetary Item Translation Difference Account (Schedule 14, Note 7)		1238	-
Total		185569	174705
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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Consolidated Profit and Loss Account

Rs. Lakhs

	Schedule	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
INCOME			
Turnover and Inter Division Transfers		138387	118317
Less : Inter Division and Subsidiary Transfers		6099	6712
Turnover		132288	111605
Less : Excise Duty		8457	12029
Net Turnover		123831	99576
Other Income	9	926	5766
		124757	105342
EXPENDITURE			
Materials and Manufacturing	10	77322	59351
Personnel	11	8655	7953
Selling, Administration and Others	12	24124	17979
Interest	13	12698	8492
Deferred Revenue Expenditure Written Off		2	2
		122801	93777
Profit Before Depreciation and Tax		1956	11565
Depreciation and Amortisation		(11706)	(10200)
Depreciation Write back		–	17
Reversal of Impairment Loss		14	17
Prior Period Adjustments (Net)		(87)	5
(Loss) / Profit Before Tax and Extra Ordinary Items		(9823)	1404
Provision for Taxation			
Current Tax		(7)	(213)
Deferred Tax Asset/(Liability) (Net)		5672	(455)
Fringe Benefit Tax		(112)	(136)
MAT Credit Entitlement		–	207
(Loss)/Profit After Tax		(4270)	807
Share of Loss of Associates		(9)	(34)
Minority Interest		61	104
Taxation Adjustment of earlier years		(44)	(33)
Balance Brought Forward		9806	9562
Profit Available for Appropriation		5544	10406
APPROPRIATIONS			
Dividend on Preference Shares *		–	–
Corporate Dividend Tax *		–	–
Capital Redemption Reserve (on redemption of Preference Shares)		–	600
Balance Carried to Balance Sheet		5544	9806
		5544	10406
* Rounded off to Nil.			
Earnings Per Share - Basic and Diluted (Rs.)		(2.67)	0.53
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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Schedules to the Consolidated Accounts

	As at 31 st March, 2009	Rs. Lakhs As at 31 st March, 2008
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
	1599	1599

Note :

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

SCHEDULE 2 : RESERVES AND SURPLUS

Amalgamation Reserve			
Opening Balance	637		637
Capital Reserve			
Opening Balance	23		23
Capital Redemption Reserve			
Opening Balance	1395	795	
Add : Transferred from Profit and Loss Account	–	1395	600
			1395
General Reserve			
Opening Balance	15711	15711	
Less : Adjustment of Exchange Rate Differences	5213	10498	–
(Schedule 14, Note 7)			15711
Surplus in Profit and Loss Account	5544		9806
	18097		27572

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 3 : SECURED LOANS		
Banks		
Working Capital	45370	37545
Foreign Currency Term Loan	73335	61786
Rupee Term Loans	13000 131705	10003 109334
Others		
Loan from Distt. Industries Centre, Government of Haryana (Interest Free)	905	1464
	132610	110798

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.
3. Rupee Term Loans are secured by pari-passu charge on fixed assets of plant at Rewari and T-7, Taloja and also equitable mortgage of landed property at Rewari.
4. Loan from Distt. Industries Centre is secured by way of first pari-passu charge on fixed assets of plant at Rewari.

SCHEDULE 4 : UNSECURED LOANS

Short Term Loans From Banks	9094	12726
Foreign Currency Loan (Interest Free)	24213	19154
	33307	31880

SCHEDULE 5 : FIXED ASSETS

Description	Gross Block			Depreciation/Amortisation				Net Block		
	As At 1 st April, 2008	Additions	Deductions	As At 31 st March, 2009	As At 1 st April, 2008	For the Year	Adjustments	As At 31 st March, 2009	As At 31 st March, 2009	As At 31 st March, 2008
Tangible Assets										
Freehold Land	1814	–	–	1814	–	–	–	–	1814	1814
Leasehold Land	1645	–	–	1645	193	19	–	212	1433	1452
Buildings	34766	4554	–	39320	3787	930	–	4717	34603	30979
Plant and Machinery	127818	17835	305	145348	46903	9242	86	56059	89289	80915
Electrical Installations and Fittings	15182	809	1	15990	4919	788	–	5707	10283	10263
Furniture and Fixtures	1075	33	–	1108	410	65	–	475	633	665
Miscellaneous Assets	3074	171	14	3231	1443	247	5	1685	1546	1631
Vehicles	991	56	162	885	301	87	75	313	572	690
	186365	23458	482	209341	57956	11378	166	69168	140173	128409
Intangible Assets										
Licence Fees	1115	–	–	1115	1115	–	–	1115	–	–
E Mark Charges	59	18	–	77	24	9	–	33	44	35
Computer Software	1664	97	–	1761	794	319	–	1113	648	870
	2838	115	–	2953	1933	328	–	2261	692	905
Total	189203	23573	482	212294	59889	11706	166	71429	140865	129314
Previous Year	159861	29923	581	189203	49789	10218	118	59889	129314	
Capital Work-in-Progress (Including Capital Advances)									4233	5181
Impaired Assets Held for Disposal									119	109

Note :

Buildings, Plant and Machinery and Electrical Installations Include Rs. 12211 Lakhs (Previous year Nil) being increase in rupee liability in respect of Differences in Foreign Exchange Rates as per Companies (Accounting Standards) Amendment Rules 2009 (Schedule 14, Note 7).

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 6 : CURRENT ASSETS		
Inventories (As taken, valued and certified by Management)		
i) Stores and Spare parts	6136	5171
ii) Raw Materials	6948	8541
iii) Finished and Traded Goods	20876	21418
iv) Waste	63	50
v) Work in Process	1490	1385
	35513	36565
Sundry Debtors (Considered good except where provided for)		
Secured		
Over Six Months	11	58
Others	320 331	626 684
Unsecured		
Over Six Months	2114	997
Others	15112 17226	8919 9916
	17557	10600
Considered Good	17463	10527
Considered Doubtful	94	73
Less : Provision for Doubtful debts	94	73
	17463	10527
Cash and Bank Balances etc.		
Cash in Hand (As certified)	67	32
Cheques in Hand/Remittances in Transit	971	925
Balance with Post Office in Saving Account *	–	–
Balances with Scheduled Banks		
Current/Cash Credit Accounts	628	622
Deposit Account	8	2
Dividend Warrant Account	164	166
	1838	1747
Other Current Assets (Unsecured and considered good)		
Interest Accrued on Investments *	–	–
Deposits with Government and others	1331	1439
	1331	1439

* Rounded off to Nil.

SCHEDULE 7 : LOANS AND ADVANCES

(Unsecured and considered good)		
Loans (Including interest accrued)	82	37
Advances		
Advances recoverable in cash or in kind or for value to be received and/or adjusted	4796	5265
MAT Credit Recoverable	1407	1407
Advance Income Tax (Net of provision)	31	24
Balance with Excise Authorities	2296	3406
	8612	10139

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	866	188
Sundry Creditors		
Micro, Small and Medium Enterprises *	–	–
Others	19499	15860
Advances from Customers	3713	764
Investor Education and Protection Fund	164	166
Other Liabilities	2397	2470
Interest accrued but not due on loans	1587	1086
	28226	20534
Provisions		
Fringe Benefit Tax (Net of taxes paid)	43	13
Employee Benefits	379	329
	422	342

* 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.

	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
SCHEDULE 9 : OTHER INCOME		
Interest	43	23
Rent Received	2	2
Profit on Sale of Current Investments	–	5
Exchange Rate Differences (Net)	–	5269
Liabilities and Provisions Written Back	73	102
Dividend on Long Term Investments- Non Trade (Gross)	–	7
Commission Received	173	111
Miscellaneous	635	247
	926	5766

Rs. Lakhs

	Year Ended 31 st March, 2009		Year Ended 31 st March, 2008	
SCHEDULE 10 : MATERIALS AND MANUFACTURING				
Raw Materials Consumed				
Opening Stock	8541		6234	
Add : Purchases	34213		33330	
	42754		39564	
Less : Sales/Trial Run	248		121	
Closing Stock	6948	35558	8541	30902
Excise Duty		(485)		(116)
Purchases of Finished Goods		444		677
Manufacturing Expenses				
Power, Fuel, Water and Utilities		28204		24060
Stores and Spares etc. consumed		9111		8723
Miscellaneous Expenses		1172		1570
Repairs and Maintenance				
Plant and Machinery	2682		2802	
Building	212	2894	295	3097
Add/(Less) : Decrease/(Increase) in Stocks				
Opening Stock				
Finished and Traded Goods	21418		12304	
Work in Process	1385		955	
Waste	50		32	
	22853		13291	
Closing Stock				
Finished and Traded Goods	20876		21418	
Work in Process	1490		1385	
Waste	63		50	
	22429	424	22853	(9562)
	77322		59351	

SCHEDULE 11 : PERSONNEL

Salaries, Wages Allowances and Bonus	6797	6019
Recruitment and Training Expenses	99	122
Welfare Expenses	1288	1305
Contribution to Provident and Other Funds	471	507
	8655	7953

Rs. Lakhs

	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
SCHEDULE 12 : SELLING, ADMINISTRATION AND OTHERS		
Advertisement	156	665
Packing and Forwarding	10661	7962
Commission Paid	868	637
Royalty	2376	1895
Cash Discount	672	551
Bank Charges	454	510
Travelling and Conveyance	671	1052
Rent	423	377
Rates and Taxes	283	268
Insurance	445	585
Auditors Remuneration	33	34
Repairs and Maintenance-Others	250	182
Miscellaneous Expenses	2679	3177
Provision for Doubtful Debts	4	–
Loss on Sale of Fixed Assets (Net)	134	19
Exchange Rate Differences (Net)	3215	–
Amortisation of Foreign Currency Monetary Item		–
Translation Difference Account	618	–
Director's Sitting Fee	7	7
Bad and Doubtful Debts	175	54
Commission to Non Working Directors	–	4
	24124	17979

SCHEDULE 13 : INTEREST

Interest		
On Fixed Loans	5493	5613
Others	7205	2879
	12698	8492

SCHEDULE 14 : NOTES TO THE ACCOUNTS

1. Statement of Significant Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, Accounting Standards notified under sub-section 3(C) of Section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

b) Principles of Consolidation

The Consolidated Financial Statements relate to Asahi India Glass Ltd. (the Company), its subsidiary AIS Glass Solutions Ltd. and associates. Another wholly owned subsidiary (100% shares held by the Company) Integrated Glass Materials Ltd. was incorporated on 6th March, 2009 for which certificate for commencement of business was issued on 8th April, 2009. This subsidiary will close its accounts for the first time on 31st March, 2010. The accounts of this subsidiary upto 31st March, 2009 have not been consolidated in the Company.

The subsidiary company considered in the Consolidated Financial Statement is :

Name of the Company	Country of Incorporation	% of share holding	Held by
AIS Glass Solutions Ltd.	India	74.44	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	47.83	Asahi India Glass Limited	As on 31 st March, 2009
Asahi India Map Auto Glass Ltd.	Audited	India	49.98	Asahi India Glass Limited	As on 31 st March, 2009
Vincotte International India Assessment Services (P) Ltd.	Un-Audited	India	20	Asahi India Glass Limited	As on 31 st March, 2009

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 'Materials and Manufacturing'. 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) Fixed assets are carried at the cost of acquisition less accumulated depreciation. The cost of fixed assets include taxes, duties (net of tax credits as applicable), freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds attributable to the qualifying assets up to the period such assets are put to use, is included in the cost of fixed assets.
- 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.
- iii) Assets identified and evaluated technically as obsolete and held for disposal are stated at lower of book value and estimated net realisable value/salvage value.

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, Product Designs 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 AIS Glass Solutions Ltd. subsidiary, 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 transactions. Transactions outstanding at the 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 except for long term foreign currency monetary items in respect of which the Company has exercised the option as provided in

Companies (Accounting Standards) Amendment Rules, 2009 inserted vide notification no. GSR 225(E) dated 31st March, 2009 issued by Ministry of Corporate Affairs.

Pursuant to above Rules exchange differences arising on long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted in the cost of the asset and depreciated over the balance life of the asset. In other cases, such exchange differences are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' in the financial statements and amortised over the balance period of such long term asset/liability but not beyond 31st March, 2011.

Exchange differences arising on long term liabilities which were recognised in the Profit and Loss Account for financial year 2007-08 have been reversed and adjusted in the cost of fixed assets/transferred to Foreign Currency Monetary Item Translation Difference Account through General Reserve.

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 as 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 asset 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 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.

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. 409 Lakhs (Rs. 2627 Lakhs) (net of advances).

3. Contingent Liabilities for :

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
a) Bank guarantees and letters of credit outstanding	2988	4005
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)	2737	2583
ii) Disputed income tax demands	10	17
iii) Corporate Guarantees	5167	5166
iv) Channel Financing from Bank	1223	1427
v) Disputed Sales Tax Demands	2564	–
vi) Others	13	118

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. 6 Lakhs (Rs. 209 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. In accordance with Companies (Accounting Standards) Amendment Rules 2009, the Company has exercised the option of adjusting exchange differences arising on reporting of long term foreign currency monetary items related to acquisition of depreciable capital assets in the cost of the assets to be depreciated over the balance life of the assets.

Consequent to the above amendment, foreign exchange gain in the Profit and Loss Account for the year 2007-08 amounting to Rs. 3934 Lakhs relating to acquisition of depreciable capital assets and Rs. 858 Lakhs on other long term monetary items has been adjusted from General Reserve. Out of Foreign Currency Monetary Item Translation Difference Account of Rs. 1856 Lakhs, an amount of Rs. 618 Lakhs has been amortised. Deferred tax liability of Rs. 421 Lakhs on such "Translation Difference Account" has been adjusted from General Reserve. Had the company continued to follow the earlier basis of accounting foreign exchange differences on long term foreign currency monetary items, the loss for the year would have been higher by Rs.18237 Lakhs, General Reserve would have been higher by Rs. 5213 Lakhs, and net block of fixed assets would have been lower by Rs.12211 Lakhs.

8. Detail of Deferred Tax Assets/(Liabilities) arising on account of timing differences are as follows :

Rs. Lakhs

	As at 31 st March, 2009	As at 31 st March, 2008
Unabsorbed depreciation/carried forward losses under Tax Laws	14359	7489
Difference between book depreciation and depreciation under the Income Tax Rules	(11587)	(10389)
Expenses allowed for tax purpose on payment basis	35	32
Provision for doubtful debts and advances	22	24
Others	(421)	–
	2408	(2844)

9. Capital work-in-progress comprises of the following :

Rs. Lakhs

	As At 31 st March, 2009	As At 31 st March, 2008
Building under construction	244	178
Plant and Machinery under erection	2848	3729
Electrical installations under erection	16	41
Capital advances	842	1079
Preoperative expenses	217	118
Others	66	36
	4233	5181

10. Earnings Per Share (EPS) :

Rs. Lakhs

	2008-09	2007-08
(Loss)/Profit After Tax as per Profit and Loss Account	(4218)	877
Tax adjustments of earlier years	(44)	(33)
Dividend on Preference Shares Including Tax thereon	(–)	* (–)
(Loss)/Profit Attributable to Equity shareholders - (A)	(4262)	844
Basic/Weighted average number of Equity Shares outstanding - (B)	159927586	159927586
Nominal Value of Equity Shares (Re.)	1/- each	1/- each
Earnings Per Share (Basic and Diluted) (Rs.) - (A)/(B)	(2.67)	0.53

* Rounded off to Nil.

11. 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 Philippines, Inc., Glavermas Pte. Ltd., Asahi Glass Ceramics Co. Ltd., P.T. Asahimas Flat Glass TBK Indonesia, AGC Automotive Thailand Co. Ltd., AGC Flat Glass, Hellas, AGC Flat Glass, Russia, AGC Flat Glass, Europe S.A., AGC Flat Glass, Nederland BV.

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	
	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08
1. Expenses								
- Purchase of materials	-	-	-	-	-	-	6867	7990
- Purchase of traded goods	-	-	-	-	-	-	335	-
- Business promotion expenses	-	-	22	29	-	-	2	-
- Remuneration to directors	-	-	-	-	110	228	-	-
- Directors sitting fee	-	-	-	-	1	1	-	-
- Rent paid	-	-	18	18	13	15	-	-
- Fee for technical and consultancy services.	-	-	-	-	-	-	12	1007
- Donation	-	-	1	1	-	-	-	-
- Training expenses	-	-	15	-	-	-	-	-
- Repairs and Maintenance	-	-	-	-	-	-	85	34
- Miscellaneous Expenses	-	-	-	-	-	-	-	4
- Royalty	-	-	-	-	-	-	2374	1894
- Dividend on Preference Shares	-	-	-	-	-	-	-	* -
- Membership and Subscription	-	-	-	2	-	-	-	2
- Commission	-	-	-	-	-	-	3	-
2. Income								
- Sale of goods etc.	3723	2516	-	-	-	-	6366	142
- Interest/Commission received	6	* -	-	-	-	-	131	133
3. Purchases of Capital Goods	-	-	-	-	-	-	1604	7914
4. Investment in Equity Shares	70	-	-	-	-	-	-	-
5. Balance as on	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08	31-03-09	31-03-08
- Loans and advances	40	25	18	18	7	10	15	47
- Creditors	-	-	-	3	-	75	5111	3394
- Debtors	790	767	-	-	-	-	665	26
- Foreign Currency Loan	-	-	-	-	-	-	24213	19154

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.

12. Segment Information :

Rs. Lakhs

a) Information about Primary Business Segments

Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Segment revenue					
External	52143	66149	6055		124347
	(49656)	(49975)	(5106)		(104737)
Inter segment sales (Net of excise duty)	98	4873	984	(5955)	-
	(71)	(5720)	(684)	(-6475)	-
Other income			410		410
			(605)		(605)
Total revenue	52241	71022	7449	(5955)	124757
	(49727)	(55695)	(6395)	(-6475)	(105342)
Segment result	2787	226	(181)		2832
	(7650)	(2132)	(-167)		(9615)
Unallocated Income (net of expenses)			-		-
			(258)		(258)
Operating profit	2787	226	(181)		2832
	(7650)	(2132)	(91)		(9873)
Interest expense			12698		12698
			(8492)		(8492)
Interest income			43		43
			(23)		(23)
Income taxes - Current Tax			7		7
			(213)		(213)
- Deferred Tax (Net)			(5672)		(5672)
			(455)		(455)
- Fringe Benefit Tax			112		112
			(136)		(136)
- MAT Credit Entitlement			-		-
			(-207)		(-207)
Taxes paid for earlier years			44		44
			(33)		(33)
Net (Loss)/Profit	2787	226	(7327)		(4314)
	(7650)	(2132)	(-9008)		(774)
Other information					
Segment assets	70449	121038	19084		210571
	(67639)	(113797)	(14145)		(195581)
Total assets	70449	121038	19084		210571
	(67639)	(113797)	(14145)		(195581)
Segment liabilities	14381	10768	3499		28648
	(8018)	(10372)	(2486)		(20876)
Share capital and reserves			18458		18458
			(29171)		(29171)

					Rs. Lakhs
Particulars	Automotive Glass	Float Glass	Unallocable	Eliminations	Total
Minority Interest			(44)		(44)
			(12)		(12)
Secured and unsecured loans			165917		165917
			(142678)		(142678)
Deferred Tax (Asset)/Liability			(2408)		(2408)
			(2844)		(2844)
Total liabilities	14381	10768	185422		210571
	(8018)	(10372)	(177191)		(195581)
Capital expenditure	8745	1094	12786		22625
	(9643)	(3146)	(2074)		(14863)
Depreciation/Amortisation	4702	6038	966		11706
	(3862)	(5630)	(708)		(10200)
Depreciation/Amortisation (Written Back)	–	–	–		–
	(–)	(–)	(-17)		(-17)
Non cash expenses other than depreciation/amortisation	–	–	–		–
	(–)	(–)	(2)		(2)

b) Information about Secondary Business Segments

Particulars	India	Outside India	Total
Revenue by Geographical Market			
External	114775	15937	130712
	(103891)	(7926)	(111817)
Less: Inter segment sales (Net of excise duty)	5955		5955
	(6475)		(6475)
Total	108820	15937	124757
	(97416)	(7926)	(105342)

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

14. 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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009

Consolidated Cash Flow Statement

Rs. Lakhs

	2008-2009 Amount	2007-2008 Amount
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss)/Profit before tax and extraordinary items	(9736)	1399
Adjustment for :		
Depreciation and Amortisation of Intangible Assets	11706	10182
Reversal of Impairment Loss	(14)	(17)
Loss on sale of fixed assets (Net)	134	19
Amortisation of Foreign Currency Monetary Item	618	–
Diminution in the value of Long Term Investments	28	–
(Profit)/Loss on sale of Current Investments	–	(5)
Deferred revenue expenditure written off	2	2
Interest paid	12698	8492
Interest received	(43)	(23)
Dividend received	–	(7)
Operating Profit before working capital changes	15393	20042
Adjustment for :		
Trade and other receivables	(5301)	(1513)
Inventories	1052	(12420)
Trade payable	7774	(1210)
CASH GENERATED FROM OPERATIONS	18918	4899
Interest paid	(12698)	(8492)
Increase in Foreign Currency Monetary Item	(2715)	–
Direct taxes paid	(163)	(382)
CASH FLOW BEFORE PRIOR PERIOD ITEMS	3342	(3975)
Prior Period items (Net)	(87)	5
NET CASH FROM OPERATING ACTIVITIES	3255	(3970)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital		
work-in-progress	(26555)	(14864)
Sale of fixed assets	182	462
Purchase of Investments	(75)	36
(Profit)/Loss on sale of Current Investments	–	–
Dividend received on investments	–	7
Interest received	43	23
NET CASH USED IN INVESTING ACTIVITIES	(26405)	(14336)

Rs. Lakhs

	2008-2009 Amount	2007-2008 Amount
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	4	5
Proceeds of Long Term Borrowings	23912	11254
Repayment of Long Term Borrowings	(4866)	(3709)
Net proceeds of Short Term borrowings	4193	11159
Redemption of Preference Shares	–	(600)
Dividend and Dividend Tax Paid	–	* –
NET CASH USED IN FINANCING ACTIVITIES	23243	18109
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C)	93	(197)
CASH AND CASH EQUIVALENT As At 1st April, 2008 (Opening Balance)	1581	1778
CASH AND CASH EQUIVALENT As At 31st March, 2009 (Closing Balance)	1674	1581

* Rounded off to Nil.

Notes :

- 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.
- Figures in brackets represent outflows.
- 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 : 27th May, 2009

Place : Gurgaon
Dated : 27th May, 2009



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