

Symbol of Safety



Asahi India Safety Glass Ltd.
1999-2000

"Asahi India Safety Glass Limited (AIS), the undisputed leader in India's automotive safety glass industry, meets over 90% of the Indian passenger car industry's requirements.

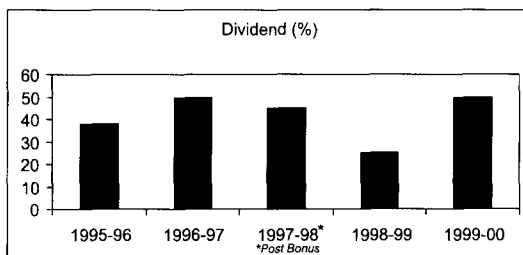
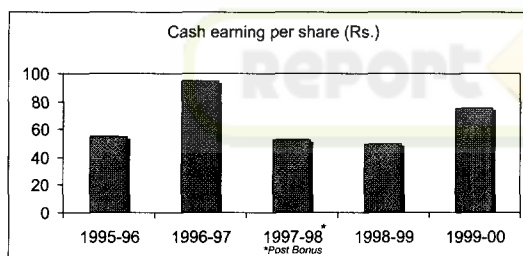
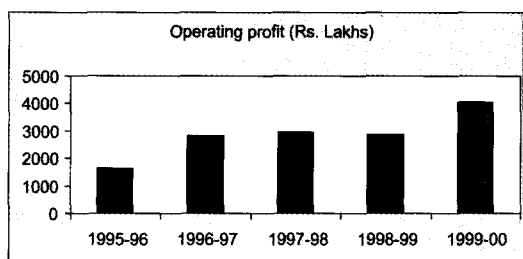
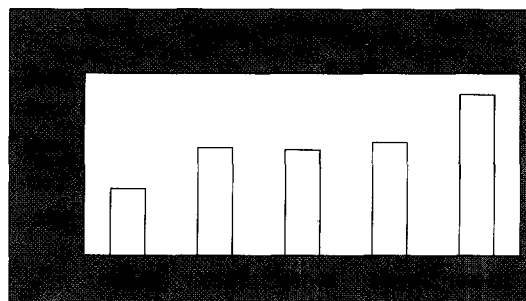
AIS has proved its capability to meet the complex and diverse needs of customers of world class quality.

Building on its strengths, the Company intends to profitably grow its business to enhance shareholder value and aims to be a globally significant automotive safety glass Company."

1) Performance Highlights	1
2) Vision, Mission & Quality Policy	2
3) Chairman's Letter	3
4) Building Shareholder Value	4
5) About AIS	5
6) Building Internal Efficiencies	6
7) AIS Products & Product Range	7
8) Building Value for Customers	9
9) AIS Customers	10
10) Building New Markets for Growth	11
11) AIS Quality Standards	12
12) Human Resources Development	13
13) Health, Safety & Environment	14
14) Questions to M.D. & C.E.O.	15
15) Company Information	17
16) Directors' Report	18
17) Auditors' Report	23
18) Balance Sheet	26
19) Profit & Loss Account	27
20) Schedule to the Accounts	28
21) Shareholders' Information	42

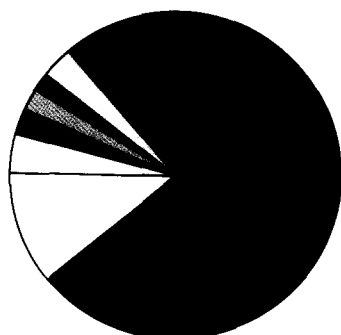


Performance Highlights



	1999-2000	1998-99
(Rs. Lakhs)		
SALES	22003.58	15447.58
Operating profit	4054.19	2850.43
Interest	803.36	934.09
Gross profit	3250.83	1916.34
Depreciation	1606.22	1366.23
PROFIT BEFORE TAX	1393.20	335.44
Tax	460.00	90.00
PROFIT AFTER TAX	933.20	245.44
Equity capital	370.00	370.00
Reserves & surplus	2560.80	1832.94
Total capital employed	9315.87	9356.81
RATIOS		
Operating margin (%)	18.00	18.00
ROACE (%)	24.00	13.00
ROANW (%)	36.00	12.00
PER SHARE		
Earning per share (Rs.)	25.00	7.00
Cash Earning per share (Rs.)	75.00	49.00
Dividend (%)	50.00	25.00

Customer-wise Sales Break-up (1999-2000)



■ Maruti	48 %
■ Telco	16 %
■ Hyundai	11 %
■ M&M	4 %
■ Honda	3 %
■ Fiat India	2 %
■ HML	2 %
■ Other OEMs	3 %
■ Spares	8 %
■ Exports	3 %



Vision

AIS's VISION is to be an excellent company and be recognised as a leader in the automotive industry in the country.

Mission

AIS's MISSION is to be a globally competitive organization providing VALUE to its stakeholders – including its customers, shareholders, employees and society at large through the DEVELOPMENT and delivery of products and services of internationally comparable QUALITY at globally competitive COSTS, DELIVERED at optimal schedules.

Quality Policy

To achieve the avowed objectives, our Policy is “to provide Stakeholder satisfaction through QCDV.” The Customers, Employees, Shareholders, Suppliers and Society are the Stakeholders of our Company. We are committed to their satisfaction. We must provide VALUE in our activities through world class QUALITY, COST competitiveness and on time DELIVERY. We must achieve QCD through team work, discipline, respect for humanity, respect for environment and by strict adherence to procedures and systems. We must constantly upgrade our QCD targets through, Kaizen and Kairyo.



Chairman's Letter to the Shareholders

For Asahi India Safety Glass Limited, the year 1999-2000 was an excellent year, as sales and profits reached record levels. Sales, at Rs. 220 crores for the year, were 42.4% higher than last year and net profit, at Rs. 9.33 crores, was up almost four-fold. Our leadership position in the domestic automotive safety glass market continued unchallenged during the year.

Other significant accomplishments during the year include:

- Supplies to a number of new entrants such as the Maruti Baleno and Wagon R, Ford's Ikon, Toyota's Qualis, Hyundai's Accent and GM's Opel Corsa
- Best Vendor Award from Maruti
- Commencement of OEM exports to Uz-Daewoo in Uzbekistan
- Growth of close to 25% in the after market
- Restructuring our debt exposure to significantly reduce average cost of debt
- Progress on the journey towards TQM, under the guidance of Prof. Tsuda

During 1999-2000, there was a distinct revival in economic sentiment. Importantly, for us, the Indian passenger car industry, after two uninspiring years, witnessed phenomenal growth. Overall, passenger car production (including multi-utility vehicles) grew by over 45% to almost 760,000. While the battle for market share intensified in the car market, our strategic positioning - as the sole/dominant supplier to every major player in the industry - helped us post gratifying results. Our success is a result of our continued focus on development and delivery of products and services of world-class quality at globally competitive costs, delivered at optimal schedules to our customers.

The pressure, from customers, to cut prices remained high and we continued with our relentless pursuit of cost reduction and productivity enhancement measures.

We expect a 10-12% growth in the Indian passenger car industry in the current year, with significant differences in the growth rates across various segments of the market. The mid-sized car segment is poised for strong growth. This augurs well for us as the higher category vehicles require the kind of glasses which we, as technology leaders, are better equipped to supply.

While we intend to continue our domination of the original equipment segment in the local market, we are looking to strengthen our presence in other business areas like the replacement market, exports and architectural glass. We have ambitious plans for each of our business areas and are taking aggressive steps to get there. In doing so, we are confident of further enhancing shareholder value, by improving overall profitability, improving return on capital and reducing our business risks.

Before I conclude, I would like to thank our collaborators, our customers, our suppliers and our employees for their support and co-operation and especially you, our shareholders, for the trust you have placed in our Company.

B.M. Labroo
Chairman



Building Shareholder Value

We, at AIS, firmly believe that companies that deliver superior value to their shareholders are the ones that consistently deliver superior value to their customers and other stakeholders.

Financially, our goal is to consistently generate free cash flow from operations to earn a rate of return on capital employed of 40% and to pay out 25% of profits as dividends.

We continuously strive to create value for our shareholders through operational excellence and pursuit of profitable growth. Our growth plans are designed to create a stronger company and enhance shareholder value by improving profitability, improving return on capital and reducing our business risks.

At AIS, Corporate Governance has always been an integral part of our functioning. We believe in functioning in a transparent manner with the basic philosophy of enhancing shareholder value and are committed to incorporating the best practices of Corporate Governance.

We have already, in recent years, voluntarily introduced a number of additional disclosures in our Annual Report. We have been regularly communicating to our shareholders - on operational and financial matters - on a quarterly basis, besides publishing our quarterly results in leading national newspapers.

The SEBI Code on Corporate Governance is required to be implemented in AIS on or before 31st March, 2002. We have reviewed our practices with those recommended and have initiated efforts to achieve 100% compliance before the target date.



About AIS

Asahi India Safety Glass Ltd. was established in 1987 with the prime objective of providing international quality safety glass to the rapidly expanding and modernizing Indian automobile industry. Jointly promoted by Asahi Glass Co. Ltd., Japan, M/s. B.M. Labroo & Associates and Maruti Udyog Limited, *Asahi India Safety Glass Ltd. is India's largest manufacturer of world class automotive safety glass and is, in fact, one of the largest in its field in the Asian region.*

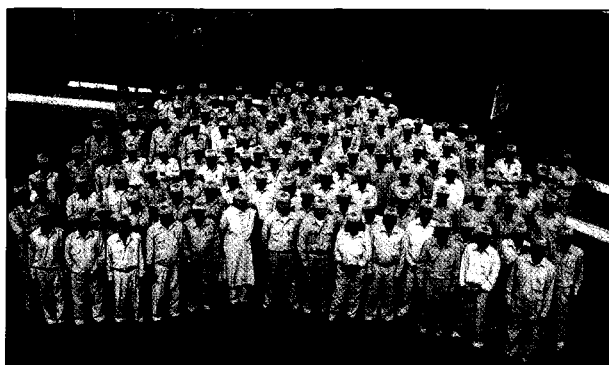


AIS has a financial and technical collaboration with Asahi Glass Co. Ltd., Japan. Asahi Glass Co. Ltd. (AGC) is a leading global manufacturer of glass and a major international supplier of flat glass and other glass-related items, chemicals and ceramics products. *In the automotive safety glass business, the AGC family has a share almost 30 % globally, making it the worldwide leader in this field.* AGC's expanding global network comprises 422 subsidiaries and affiliates in Japan and 21 other countries. In fiscal 2000, ended March 31, 2000, AGC's consolidated net sales and income amounted to US \$ 11589 million and US \$ 124 million respectively.

As the largest manufacturer of automotive safety glass in India, AIS manufactures the full range of automotive safety glass. AIS has the complete capability to design and develop

new glass models in house.

Since inception, AIS has been the sole supplier of safety glass to India's premier car-maker, Maruti Udyog. The



Company is also the sole/dominant supplier of safety glass to almost all other vehicle manufacturers in India. *AIS currently meets 90 per cent of the safety glass requirements of the Indian passenger car industry.*

AIS also caters to the exports and replacement markets and has a considerable market share in the non-OEM segment. AIS has made a foray into the non-automotive segment with the production of architectural glass to cater to the growing requirement of housing and construction sector. AIS's commitment to meeting world class standards is reflected in the day-to-day work culture which imbibes modern business practices like Total Quality Management, Product and Process Control, Supply Chain Management.

AIS's corporate strategy is to pursue profitable growth while enhancing shareholder value.



Building Internal Efficiencies

We have retained our domestic leadership position successfully over the years and will defend our position even as competitive pressures increase. Our customers are constantly demanding more, for less. To succeed, we, at AIS, are continually looking for ways to minimise costs and improve productivity. Building Internal Efficiencies is an integral part of our growth strategy.

We have, over the years, redesigned our work-process to reduce costs and deliver more value to customers. Our manufacturing system remains highly flexible, despite the substantial additions to capacity. Our internal Performance Enhancement Program (PEP), initiated in 1998, is aimed at reducing costs, increasing responsiveness and, overall, bringing about operational excellence in everything we do.

Through our PEP, we will relentlessly work to reduce operating costs, control levels of capital employed, absorb better technology and become a leaner and more responsive organisation to service our customers more effectively.



AIS Products & Product Range

AIS is the largest manufacturer of automotive safety glass in India. AIS manufactures automotive safety glass of two types – laminated and tempered. AIS's present product range includes laminated windshields, full tempered glass, zone tempered glass, silver printed defogger glass and black ceramic printed flush fitting glass and PVC-encapsulated fixed glasses.

AIS's product range includes the following :

LAMISAFE – LT

This is the registered brand of AIS laminated windshield. Different product options available are clear and tinted windshields – glass or PVB tinted. Top shade bands in different colours can also be provided. Besides, there is option for mirror button fixing.

Laminated windshields, which are used in all automobiles the world over, have the following distinct advantages :

- high resistance to penetration, thus, ensuring safety.
- localized breakage at the point of impact without hampering visibility.

- In case of breakage, broken glass pieces continue to stick to the PVB interlayer, eliminating the danger of injury by glass shrapnels.

- In case of head impact during accident, the injury is minimized due to

the flexibility of the windshield.

- As laminated windshield does not break spontaneously unlike tempered / zone tempered windshields, the chances of injury are eliminated.

TEMPERLITE – LT

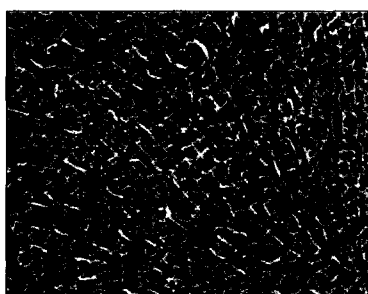
This is the trade mark of AIS fully tempered safety glass. It is used for side and back glass, providing safety and clarity of vision.

Tempered safety glass has comprehensive / tensile stress which enables it to withstand stress and resist breaking far better than ordinary glass. Tempered glass has the following advantages :

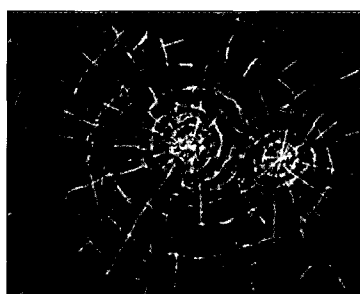
- capable of resisting vibrations five times stronger than ordinary glass.
- resistance to thermal shock.
- In the event of breakage, the glass breaks into blunt particles causing practically no harm to passengers.

BREAK PATTERN

TEMPERED GLASS

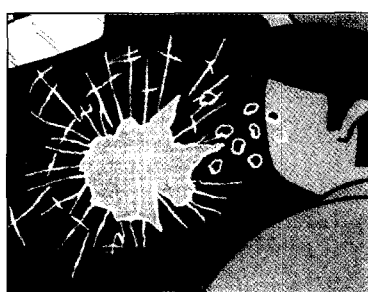


LAMINATED GLASS



DANGER FROM SHRAPNEL

TEMPERED WINDSHIELD



LAMINATED WINDSHIELD



ZONELITE – LT

This glass is differently tempered on the central zone. In the event of breakage, the glass breaks into larger pieces in the area of the driver's vision, allowing the driver better visibility to maneuver the vehicle to safety.

HEATLITE – LT

Heatlite, electrically heated glass, which is



heat- conductive and electro-conductive, ensures a crystal clear field of vision during the monsoons or in foggy and cold weather conditions.

MODULAR ASSEMBLY WINDOWS (MAW)

This PVC-encapsulated fixed glass is a value-added product which can be used with ease for direct fitment onto the car body.

ARCHITECTURAL LAMINATED GLASS

AIS started production of architectural laminated glass to cater to the growing requirement of housing and construction sector. AIS has already supplied its new product to reputed concerns for their prestigious projects like DLF Plaza, Ansal Plaza, Capital Court, Namgayal.

Architectural laminated glass has the following characteristics :

Safety - If colliding against the glass by accident, serious injury

may be prevented. If broken, the glass will not collapse, and it will be an effective protective wall against flying objects.

Security - It has a strong impact resistance, which can offer greater protection against outside attacks.

Ultraviolet Screening - It is effective to protect interior textile goods, paints, and furniture etc. from discoloration by filtering ultraviolet rays.

Noise Control - The interlayer film attenuates the vibration of the sound penetrating through the glass and thus is effective in suppressing noise.

Appearance - The laminated glass using a colour interlayer film is tinted and looks beautiful.

AIS has the capability to offer architectural glass of maximum size of 3000*2000 mm in maximum thickness of 8+8 mm with various tint combinations as per market requirements.

LAMINATED WINDSHIELD WITH
SHADE BAND & CERAMIC PRINTING



TEMPERED SIDELITE WITH
PRINTING, HINGE & HOLE

