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REPORT JUNCTION

05/01/29

Amalgamation

Asahi India Glass Ltd.



2002-03
18th
annual
report

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"A shareholder mindset benefits not only the shareholders themselves, but society at large, setting in motion the virtuous cycle of value creation, job creation, and wealth creation."

THE MCKINSEY QUARTERLY



Dawn of a New Era

We have changed, in more ways than one.

Effective 26th September 2002, our name has changed from 'Asahi India Safety Glass Ltd.' to 'Asahi India Glass Ltd.' A seemingly simple gesture, but one that reflects the underlying transition as we expand our business platform, extend our markets served and move towards our goal of spanning the entire value chain in the glass business in India. The new name also signifies the unified brand that we give to the marketplace.

In January 2003, we announced our intention to merge with us, our subsidiary, Floatglass India Ltd., a leading player in the Indian float glass market, with effect from 1st April, 2002. The merger is now complete. The smooth progress of integration was made possible by the extremely positive reception to the merger from all quarters.

We are now India's largest glass Company, with a powerful, well balanced portfolio of products and a strong market position. The increased scale and scope of our operations strengthens our business model and improves our competitive position.

We are at the dawn of a new era.

We welcome all the stakeholders of the erstwhile Floatglass India Ltd. into our fold. As our Vision for the Company has changed and grown, one essential constant has been our pursuit of profitable, value-creating growth. Asahi India is now better positioned than ever to provide our customers the best value and to deliver enhanced shareholder value, in a sustainable manner.

Vision

To be India's leading integrated glass Company.

Mission

Asahi India's MISSION is to be a globally competitive organisation 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, shareholders, suppliers, employees 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.

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Financial Highlights

		(Rs. Lakhs)
	2002-03*	2001-02
Gross sales**	46,949.54	23,486.72
Operating profit	9,328.94	4,137.35
Gross profit	8,542.44	3,651.92
Profit before tax	3,763.01	1,726.23
Profit after tax	3,714.78	1,186.23
Net worth	8,985.28	3,839.07
(Shareholders' fund - Misc. exp. to be written off)		

RATIOS (%)

Operating profit margin	22.64	20.42
Gross profit margin	20.73	18.02
RONW	41.34	30.90

PER SHARE (Rs.)***

Cash earning per share	10.68	49.35
Earning per share	4.65	16.03
Dividend per share	1.50	5.50

* Financial results for FY 03 are not comparable with FY 02, as it includes results of FGI.

**Gross sale is net of inter division sale of Rs. 29.19 crores.

***In FY 03, equity share of face value of Rs. 10/- each sub-divided into 10 equity shares of face value of Re. 1/- each.

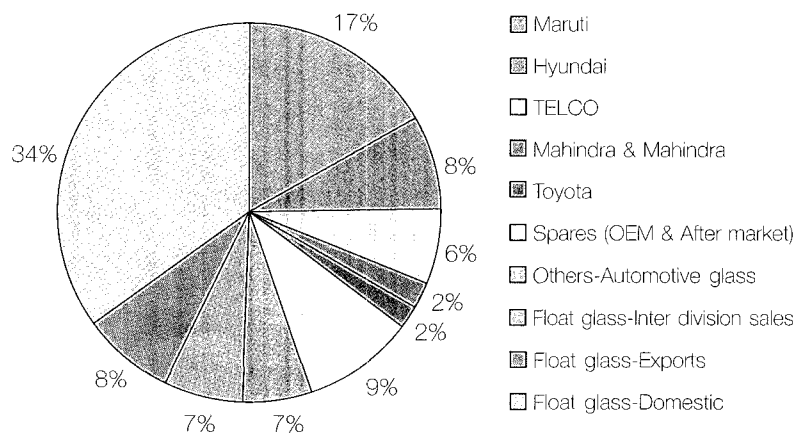
Distribution of Total Sales in FY 2002-03

Automotive Glass SBU

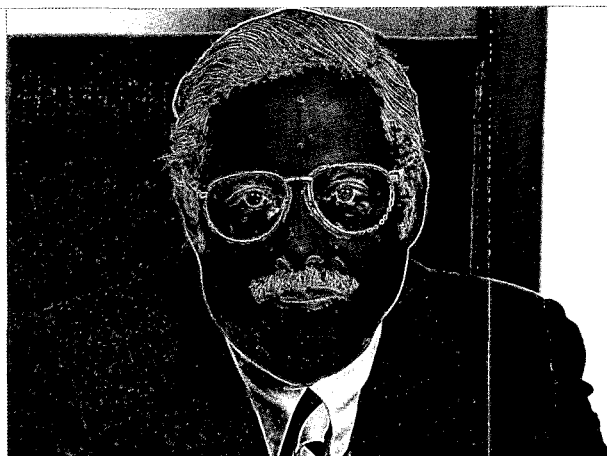
Maruti	17%
Hyundai	8%
TELCO	6%
Mahindra & Mahindra	2%
Toyota	2%
Spares (OEM & After market)	9%
Others - Automotive glass	7%

Float Glass SBU

Float glass - Inter division sales	7%
Float glass - Exports	8%
Float glass - Domestic	34%



Chairman's Letter to the Shareholders



Dear Shareholders,

The year 2002-03 was an important year of strategic direction for the new Asahi India Glass Ltd. (Asahi India). We retained our domination in the domestic automotive safety glass market and successfully integrated Floatglass India Ltd., our erstwhile subsidiary, to emerge as India's pre-eminent glass Company. Last year, as shareholders will recall, Asahi Glass Co., Ltd., Japan, (AGC), our technical and financial collaborator and the world leader in the glass industry, transferred their 75% stake in Floatglass India Ltd. (FGI) to Asahi India, to consolidate their India operations. We remain deeply honoured for the confidence that AGC has reposed in us and look forward to continuing and expanding this excellent relationship.

Since acquiring FGI, we have taken a number of important initiatives towards meeting the objectives that we had then spelt out. FGI represents an excellent strategic fit with Asahi India's business and the merger is consistent with our desire to span the entire value chain in the glass business in India. Our new name effectively captures our transformation and re-positioning. We are pleased to welcome our new shareholders, customers, suppliers, employees and all other stakeholders. The merger, which is effective from 1st April 2002, secures the benefits of an expanded business platform, lower business risk, an improved competitive

position, broader customer base and greater financial resources. We are pleased that our decision was resoundingly endorsed by our investors.

With the merger, we have doubled our size and taken a giant step forward in enhancing our strategic position in the domestic glass industry. 2002-03 was our first full year as one entity, wherein our automotive glass and float glass operations were combined. Expectedly, gross sales and operating profits, at Rs. 469 crores and Rs. 93 crores respectively, were at their best ever levels. Cash flows were at record levels, with both operating divisions contributing meaningfully, and our balance sheet position remains strong. Accordingly, we have recommended a dividend of 150%, which is in line with our stated dividend policy.

Some of the other highlights of the year under review include:

- Significantly drove down our dependence on any single customer.
- Further strengthened our position in the replacement market for automotive safety glass.
- Received Best Quality Supplier Award from Toyota.
- Continued to build "relevant" self-sufficiency in technology.
- Raised internal efficiencies all around.



- Raised production at Float Glass SBU by 7.15%.
- Improved the product-mix in our Float Glass SBU.
- Tied up with AGC's European Subsidiary, Glabervel, Belgium to offer customers a wider range of value-added glass products in the architectural business.
- Nominated for The Economic Times Award for "Emerging Company" of the year.
- Float Glass SBU conferred with "Certificate of Recognition" by CAPEXIL in recognition of outstanding export performance.
- Sub-divided the face value of our equity shares, from Rs. 10/- per share to Re. 1/- per share to improve liquidity and attract a larger investor base.

During the year under review, the global economy witnessed increased uncertainties and sluggish growth, with difficult economic conditions in the developed nations. The Indian economy saw slower growth as well. India's GDP growth for 2002-03 registered a growth of 4.4%, as compared to 5.6% achieved in the previous year. The slowdown was primarily due to the deficient monsoon in 2002 causing a negative growth in agriculture. The inherent strength of the economy, however, showed in the healthy growth rates of 7% and 6.1% in the services and industrial sectors. The domestic car and multi-utility vehicle (MUV) market showed distinct signs of revival towards the end of the year. For the year, production of cars and MUVs rose by 7% to 7,70,508 units. Demand for float glass remained buoyant during the year, benefiting from the marked pick-up in the construction sector and the revival in the automotive sector, growing by over 12%.

Our overall operating environment remained challenging though, as we battled rising fuel costs and continued pressure on pricing, in both our operating SBUs. Our OE customers for automotive glass kept up a relentless pressure

for price reductions, while domestic prices of float glass declined primarily on account of dumping from China and Indonesia.

From our modest beginning in 1987, as an automotive glass manufacturer supplying a single customer, we have, over the years, evolved and reinvented ourselves as a Company. As India's premier glass Company, we are excited by the growth opportunities for our products. We will continue to invest in expanding our established businesses, improving efficiencies, strengthening our capabilities and improving our brand recognition while pursuing profitable growth opportunities that expand our market position or product scope and take us close to the ultimate consumer. Our Vision is to be India's leading integrated glass Company.

We are convinced that Asahi India is on the right path. Our near-term focus will be on internal growth and optimising gains of our recent merger. We have made excellent progress in growing our business and are well equipped to generate sustainable, profitable growth and build lasting value for our shareholders.

In conclusion, I would like to thank our business partners and shareholders for their continued support and confidence in our Company. I would also like to thank all employees for their accomplishments this year. I continue to be extremely optimistic regarding Asahi India's future prospects.

B. M. Labroo
Chairman

Corporate Information

Board of Directors

B. M. Labroo	Chairman
S. Labroo	Managing Director & Chief Executive Officer
K. Miyazawa	Technical Director
S. Kapur	Director
A. Nandy	Director
P. L. Safaya	Director & Chief Operating Officer (Float Glass SBU)
A. Singh	Director & Chief Operating Officer (Automotive Glass SBU)
G. Thapar	Director
K. Yonamoto	Director

Committee of Directors

Audit Committee	
S. Kapur	Chairman
A. Nandy	Member
G. Thapar	Member
Shareholders' / Investors' Grievance Committee	
B. M. Labroo	Chairman
S. Labroo	Member
A. Singh	Member
Remuneration Committee	
G. Thapar	Chairman
S. Kapur	Member
B. M. Labroo	Member

Management Team





Our Collaborators

ASAHI GLASS CO., LTD., JAPAN

Established in 1907, Asahi Glass Co., Ltd., Japan (AGC) is one of the world's top glass producers and enjoys market share of 45% in Japan, 20% in Asia (excluding Japan & China), 20% in North America and 25% in Europe. AGC has a presence in over 24 countries world wide. AGC Group's Glass Operations segment comprises flat glass, automotive glass and other glass which includes exterior siding boards, specialty glass and glass fibers. AGC group Flat Glass Company is the world's leading supplier of flat glass. With 30% of the global market, the AGC Group is a global leader in the automotive glass field. AGC has evolved into a top multinational glass manufacturer with a leading share of the global markets for construction glass, automotive glass, display glass and other key glass products. The AGC Group is expanding its global operations in the glazing, display and electronics and energy fields. The AGC Group has recorded a net sales of US \$ 10975 million with operating income of US \$ 572 million for fiscal 2003.

Auditors

Jagdish Sapra & Co.
Chartered Accountants,
23, Prakash Apartments,
5, Ansari Road, Daryaganj, New Delhi.

Bankers

The Bank of Tokyo-Mitsubishi Ltd.
The Jammu & Kashmir Bank Ltd.
The Sumitomo Mitsui Banking Corporation
Standard Chartered Bank
ICICI Bank
Punjab National Bank
HDFC Bank
Mizuho Corporate Bank Ltd.
Bank of Baroda

Registered Office

12, Basant Lok,
New Delhi - 110 057.
Tel.: 011 - 26142288

Corporate Office

Global Business Park,
Tower-B, 5th Floor, Mehrauli Gurgaon Road,
Gurgaon - 122 002. (Haryana)
Tel.: 0124 - 5062212-19
Fax : 0124 - 5062244/88

Works

Automotive Glass SBU

94.4 Kms. Stone,
Delhi - Jaipur Highway, NH-8, Village Jaliawas,
Tehsil Bawal, Dist. Rewari - 123 501. (Haryana)
Tel.: 01284 - 260366, 260367, 260774
Fax : 01284 - 260185

Float Glass SBU

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

**Registrar and
Share Transfer Agent**

MCS Ltd.,
Srivenkatesh Bhavan, 212-A,
Shahpurjat, New Delhi - 110 049.
Tel.: 011 - 26494830/31
Fax : 011 - 26494152