



A New Horizon

25th Annual Report
2009-10



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.



Contents

3 Vision - Mission - Guiding Principles **4** Chairman's Letter **6** About AIS **9** Ten Year's Financial Snapshot **10** A New Horizon **16** Corporate Information **18** Management Discussion & Analysis **26** Corporate Social Responsibility **28** Q. & A. with MD & CEO **30** Report of the Directors **35** Report on Corporate Governance **49** Auditors' Certificate on Corporate Governance **50** Auditors' Report **54** AIS - Financials (Standalone) **76** Statement relating to Subsidiary Companies **77** Auditors' Report (Consolidated) **78** AIS - Financials (Consolidated) **96** Notice to Shareholders

Asahi India Glass Limited is the largest integrated glass company in India. A pioneer in India's automotive glass industry, its product portfolio spans the entire glass value chain. Indeed, with several distinct advantages and features, AIS is perceived not just as a supplier of glass products but as an integrated glass solutions provider. This is aptly reflected in its umbrella brand, AIS - Asahi India Solutions - which epitomise the integrated solutions in glass.

AIS produces a wide range of automotive glass, float glass, architectural processed glass and other glass products. Over the years, AIS has transformed itself as a 'single source for all glass solutions' catering to a wide spectrum of customers. From leading Indian and global auto manufacturers wanting specialised engineered glass solutions to an individual who wishes a table top or windows - AIS delights its customer with product offerings, service quality and customised solutions that add value to the customer's 'glass experience'

With an enviable track record of delivering value addition to glass and glass products over the past 23 years, AIS constantly defines and implements innovative glass usage. AIS is not merely a provider of sophisticated glass products - it acts as a partner with its customer to provide unique solutions, creating the most appropriate, value added use of glass.





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.

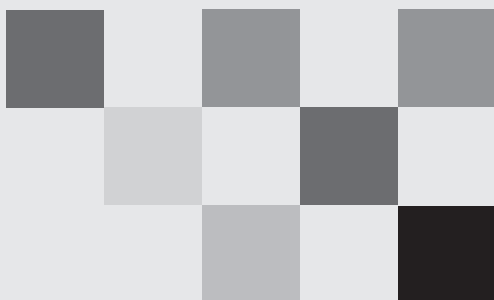
Guiding Principles

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



“ AIS also sees growth opportunities in this “New Horizon” - not just in the automotive sector, but across the entire glass-value chain. ”



Chairman's Letter

Dear Stakeholders,

In the first quarter of 2009, the global economy was in the middle of deepest slump since the end of the 'Great Depression' and there were fears that the slowdown would continue for more than a year. It did not happen that way. Thanks to governments across the world, pumping in trillions of dollars to create liquidity and stimulate demand, global growth in 2009 has been an impressive four and a quarter percent.

The US economy has reported three straight quarters of GDP growth and looks like it is out of the recessionary phase. China grew by 8.7% in 2009 and is back to double digit growth figures during the last two quarters, with a forecast that 2010 will see Chinese GDP grow anywhere between 9.5% and 10.5%. And India, after a 6.7% GDP growth in 2008-09, experts forecast that for the current year, India will grow at 8.5%.

Growth, however, has not been even - there are problems areas, especially in Europe. Greece's economic woes have grabbed headlines during recent times; however, even Spain and Portugal give rise to concern. The euro zone as a whole can, at best, hope for 1% growth in 2010. Asia, led by China and India, looks to be the global growth drivers of the near future.

The India growth story is especially encouraging for your Company, because a substantial part of it is being driven by excellent manufacturing growth. From a low of 2.8% in 2008-09, manufacturing growth has spurted to reach 10.9% at the end of 2009-10. This is now evident in the automotive segment as well. According the recent published reports, Indian automotive sales for May 2010 grew 33% over the same month last year. The performance of the automotive segment has greatly helped your Company.

Your Company's financial performance during 2009-10 reflects this optimism. Consolidated gross sales grew at 6.4% to reach Rs. 147,303 lakhs; net sales for the same period grew 4.4% to touch Rs. 129,323 lakhs. Operating earnings before interest, depreciation and taxes (operating EBIDTA) increased 76%: from Rs. 14,583 lakhs in 2008-09 to Rs. 25,674 lakhs in 2009-10. Part of this was due to an increase in other operating income (from Rs. 810 lakhs last year to Rs. 2,550 lakhs in the year under review); however, even if we were to exclude the impact of this, operating EBIDTA growth has been an extremely impressive 63.5% year-on-year. And, profit after tax (PAT) has moved back into the black, with a profit of Rs. 138 lakhs in 2009-10, compared to a loss of Rs. 4,315 lakhs during the previous year.

While the finer details of your Company's performance in 2009-10 is covered in the Management Discussion Analysis, I would like to highlight that during my last communication to you, I had written about AIS's 'Look Within' initiatives to maximise operational efficiencies. These have evidently worked and are reflected in a 63.5% increase in operating earnings. Let me give you one example: that of reducing fuel costs. Power and fuel is a major input in the manufacture of float glass and one where price volatility can significantly impact profitability. AIS's Taloja plant examined ways and means of substituting furnace oil with natural gas as a fuel source; the initiative has paid off. Taloja has now stabilised its manufacturing process using natural gas for fuel - and AIS has reduced power and fuel costs by 7.6% during the year. I assure that throughout the year and across all plants, we have been continuously looking at ways and means to be a better quality producer at a lower cost - and these initiatives will continue.

Increasing profitability through cost reduction and efficiency improvement measures is one side of the triangle. Acquiring new customers in the face of increasing competition is the second; and creating continuous customer satisfaction is the third. I am delighted to inform you that during the year, AIS has become the 'supplier of choice' to Volkswagen in India. Given the extremely rigorous quality standards and delivery commitments that Volkswagen expects its prime suppliers to maintain, the fact that AIS has been chosen as the only Indian supplier of all automotive glass requirement of Volkswagen, reiterates AIS' delivery capabilities, knowledge of engineered products and commitment to excellence.

AIS continues to build upon and deepen its existing relationships with global and Indian automotive majors. During the year, AIS Auto Glass has won several awards from its customers as recognition for its efforts in ensuring quality deliveries on time. Maruti Suzuki India Ltd. has presented AIS with three awards: for Manufacturing Excellence and supplier Performance. Mahindra & Mahindra recognised AIS's quality and delivery initiatives through first prizes for lowest PPM (parts per million) defects and for delivery & logistics efficiencies. Tata Motors awarded AIS for cost efficiencies; and Toyota Kirloskar Motors recognised AIS for its quality and delivery capabilities. These awards are deeply satisfying, for they reaffirm AIS's commitment to building enduring customer relationships.

AIS's Float Glass SBU has also been exploring new opportunities for growth, expansion and value addition. Over a period of time, the SBU is transitioning from being a mere supplier of a 'near commodity' product to a holistic value-added solutions provider. With construction, hospitality, healthcare and retail sectors of the economy starting to look up again, the growth and value potential is high.

Among all this, AIS continued to its commitment as a responsible Corporate Citizen. The 'Corporate Social Responsibility' (CSR) program of AIS was executed as planned and budgeted. Education, water & sanitation, rainwater harvesting and micro enterprise development continued to be the focus areas of our CSR Program, benefiting thousands of children and adults in and around the vicinities of AIS plants.

During 2009-10, Mr. K Kojima, a nominee Director of Asahi Glass Co Ltd., Japan (AGC) completed his tenure as Director of AIS and accordingly returned to AGC. Mr. M Kamiya, another AGC nominated Director also resigned as Director of AIS in January, 2010 and moved to take up other responsibilities in AGC. I sincerely thank Mr. Kojima and Mr. Kamiya for their valued contribution to AIS as Directors. I also warmly welcome Mr. H Nohara and Mr. M Ishiko on the Board of AIS.

2010-11 seems to be a year for cautious optimism. India's economy seems to be back on the growth path, even though it is yet to return to the height of 9% plus growth. The manufacturing, capital goods and consumer durables sectors have all grown over the last year; economic indicators point to that growth being sustained over the current year. AIS also sees growth opportunities in this "New Horizon" - not just in the automotive sector, but across the entire glass value chain.

Before I conclude, I would like to take this opportunity to thank all our stakeholders - shareholders, customers, business partners and bankers - for being with us through the turbulences of the recent years. I also thank AGC for its continued support to AIS. My unreserved thanks to the management team and all employees of AIS for having put in tremendous efforts and sacrifices in making AIS an admired Company.

Yours sincerely,



B.M. Labroo
Chairman



About AIS

AIS is jointly promoted by Labroo family, Asahi Glass Co. Ltd. (AGC) and Maruti Suzuki India Ltd. (MSIL). Incorporated in 1984, the Company has grown from being a 'single-plant single-customer' company to a world-class integrated glass company with 11 plants and global customers spanning across India. AIS is a public limited Company listed on the National Stock Exchange and Bombay Stock Exchange with around 60,000 shareholders.

AIS has three Strategic Business Units (SBUs):

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

In addition, the corporate functions of AIS manage, support and coordinate the activities of all three SBUs.

AIS produces an entire spectrum of exceptional quality glass products and has a long and successful presence in the Indian market, manufacturing scale, engineering capabilities and most importantly, the trust of its customers for whom AIS is a vendor of choice. AIS has the unique capability to service the complex requirements of its customers through products, quality, innovation, scale and costs.

India's growth, even during the recent economic crisis, gives rise to optimism. AIS has reasons to believe that it is now in a unique position to capitalise on the major expansion that it has undertaken in recent past and be a significant participant in India's growth story over the next few years.



AIS: Annual Report 2009 - 2010

AIS Auto Glass

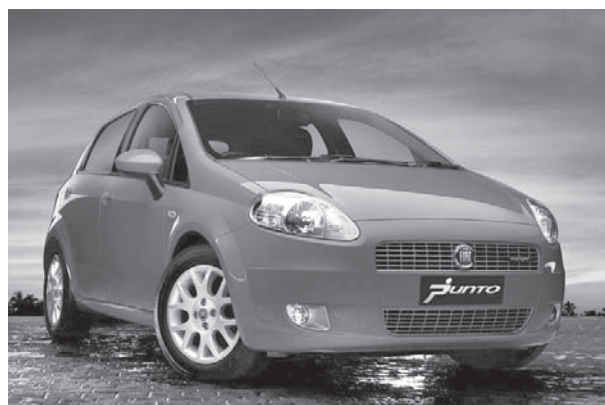
AIS Auto Glass is the largest supplier of high quality automotive glass to almost the entire passenger car industry in India. It has the unique distinction of being the only glass player in the country being conferred the prestigious Deming Application Prize in 2007. The Deming Prize certifies the outstanding performance improvements achieved by AIS through application of Total Quality Management (TQM).

AIS Auto Glass is one of the pioneers in the automotive glass business in India and has continued to maintain leadership position for almost 20 years in a row. This is a result of years of high-quality efforts and investments put in at every level in AIS Auto Glass to ensure that it meets the highest standards of quality, delivery and customer satisfaction.

In 1987, AIS Auto Glass started operations with manufacturing toughened glass for automobiles. Today, it has four plants located at Bawal - Haryana & Roorkee - Uttarakhand (North), Chennai - Tamil Nadu (South) and Taloja - Maharashtra (West) and three sub-assembly units / warehouses at Halol - Gujarat & Pune - Maharashtra (West), Bangalore - Karnataka (South). The plants and sub - assemblies are strategically located in proximity of India's automotive manufacturing hubs and produce a complete range of automotive safety glass, engineered to the highest global quality standards.

The product portfolio of AIS Auto Glass includes the following :

- Laminated windshields • Tempered glass for sidelites and backlites • Defogger glass • Glass Antenna
- Encapsulated glass • Plug-in window • Solar Control Glass



- IR Cut Glass • UV Cut Glass • Flush fitting glass • Rain sensor windshield • Heated windshield • Extruded windshield • Glass with assembly (Rain sensor, Moulding, Holders, Channels, Toggle clamp and Hinge assembly etc).

AIS Auto Glass commands almost 77% market share in the Original Equipment (OE) segment and an impressive share of after-market sales of automotive glass products in India. The SBU counts among its customers 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 Card Ltd., and many others.

Over the recent years, AIS Auto Glass has successfully diversified into products for the commercial vehicle segment, for which it has developed capabilities and made investments. As a result of its experience, engineering capabilities and passion for enlarging customer delight, AIS Auto Glass continues to deliver high quality products to its customers in the commercial vehicles segment and has earned their full-hearted support and trust.

AIS Auto Glass thrives to remain the 'supplier of choice' for automotive glass requirements of nearly the entire passenger car manufacturers in India.

AIS Float Glass

AIS began its float glass operations by taking over the erstwhile Floatglass India Ltd., with its manufacturing facility at Taloja (Maharashtra) in 2001. In 2003, Floatglass India Ltd., was merged with AIS.

AIS Float Glass produces a wide range of value-added varieties of glass such as heat reflective glass, heat absorbing glass, solar control glass, coloured glass and mirrors.

AIS Float Glass commands nearly 29% share in the Indian float glass market; it also exports its products to various countries in Asia, Europe and Latin America. The SBU is also the commercial agent of a range of glass products of AGC in India.

AIS Float Glass has the following product portfolio -

- AIS Clear™ *"Clear Float Glass"*

- AIS Tinted™ *"Less Heat More Privacy"*
Heat Absorbing Glass - Available in : Bronze, Grey, Green, Blue, Royal Blue, Cool Green.
- AIS Supersilver™ *"Beautiful Exteriors, Cool Interiors"*
Heat Reflective Glass- Available in : Clear, Green, Blue, Bronze, Dark Grey, Fern Green, Pacific Blue.
- AIS Opal™ *"Incredible Performance, Affordable Prices"*
Solar Control Glass - Available in : Royal Blue, Cool Green, White Gold, Golden Bronze.
- AIS Mirror™ *"New Generation Belgium Mirrors"*
- AIS Décor™ *"Vibrant Colours for Interiors"* Lacquered Glass - Available in : Venetian Red, Bright Orange, Lemon Yellow, Spring Green, Midnight Blue, Black Pearl, Marble White, Classic Beige, Sterling Silver and Icy Blue.
- AIS Krystal™ *"Only Branded Frosted Glass"* Frosted Glass - Available in : Clear & patterned clear, Green Blue.

All the above mentioned AIS products are available in a variety of thicknesses and sizes.

All the above products are distributed across India through a network of over 800 stockists.



AIS Glass Solutions

AIS Glass Solutions was set up in 2004 as a subsidiary of AIS, with the objective of growing AIS's presence in architectural glass solutions and value-added glass products and services. Over the last 6 years, AIS Glass Solutions has emerged as India's biggest & organised player in the architectural glass processing segment-manufacturing branded, value-added glass products and offering end users a complete solution for 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
- Solar low-e glass
- AIS Ceramic Printed Glass
- High value special glass products like AIS Shower Enclosure, AIS Tabletops, AIS Shelves etc.

AIS Glass Solutions has 3 state-of-the-art glass processing facilities located at 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 product; they also educate, suggest and partner with the customer for maximum value addition.

Some of the unique feature's that AIS Glass Solutions provide :

- One stop solution- Only player in India with pan India presence and in-house manufacturing capabilities of clear, tinted, reflective & further processing of these glasses.



- Truly International Quality Glass Processor :-
 - Insulating Glass manufacturing as Standard DIN-EN 1279, ISO 868, ASTM C661, DIN 5350;
 - Tempered Glass manufacturing as per:- ASTM C 1048-04, DIN EN 12150-1, IS 2553, ASTM C 1036;
 - Tempered bend glass as per C 1464-00 Standard;
 - Heat strengthen glass as per ASTM C 1048-04, EN 1863-1:2000;
 - Heat soak Standard BS/EN 14179-1:2005- IS 2553 part 1:1990;
 - Laminated glass ISO 12543, ASTM C 1172, ISO 12543, ANSI Z - 97.1 (2004);
 - Anti Burglary glass as per EN 356:1999.
- Only glass processor in India to build an IT Platform for -
 - Online Order Tracking System;
 - Software on Wind Load Calculation;
 - Software on Thermal Breakage Calculation;
 - Software on Energy Calculations,
 - Real time SMS on order release & invoicing.
- Most experience in processing "Green Buildings" in India, AIS Glass Solutions has among others, advised, supplied and setup glass solutions for the following 'Green Buildings' in India :-
 - Green Boulevard, Noida qualifying among "world top 10 best energy efficient building".
 - ITC Royal Gardenia", Bangalore - The World's largest & Asia's first LEED platinum rated hotel.
 - Fast Track SEZ Noida which qualifies for LEED Platinum Rating
 - Oxyzen SEZ Noida which qualifies for LEED Platinum Rating.



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