

TCM - INDIA
INTERNATIONAL CREDIT REPORT

Prepared For : **SAMPLE**
Requested For : Asahi India Glass Limited
Prepared on : Asahi India Glass Limited
Date : December 21, 2004
Your Order/Ref. : **SAMPLE**
Report Type : Normal

IDENTIFICATION DETAILS

TCM ID : 51269
Name : Asahi India Glass Limited
Formerly Asahi India Safety Glass Limited

PUBLIC RECORD INFORMATION

Date of Incorp/Estb. : December 10, 1984
Incorp/Regn. No. : 55-19542

CREDIT RECOMMENDATION

Comments : Business dealings are recommended.
Credit Rating : TCA5 - Low Risk (Score > 80)
Credit Limit Recommended : USD 3,500,000.- (Actual Score : 82) (Preferably on a widespread basis)

RATING EXPLANATION

TCA1 - High Risk (Score <= 20)
TCA2 - Medium High Risk (Score >20 & <= 40)
TCA3 - Medium Risk (Score > 40 & <= 60)
TCA4 - Moderate Risk (Score >60 & <=80)
TCA5 - Low Risk (Score > 80)
TCA6 - NR (No Rating - Insufficient Information)

** The credit appraisal provides an assessment of the creditworthiness of a company. It takes into account significant elements of credit including history, business performance, management, background, financial position, payment history, overall market conditions, market trends and the reputation of the company*

* NR is stated where there is insufficient information to facilitate rating. However, it is not to be constructed as unfavorable.

OFFICIAL COMPANY DETAILS

Legal Form/Status : Public Limited Company

Registered/Business Address : 2nd Floor,12, Basant Lok, Vasant Vihar, New Delhi - 110 057

Phone : +91 11 26143536, 26142288, 26149403

Fax : +91 11 26142324, 26148696

MailID : rsinghal@asahiindia.com

WebID : www.asahiindia.com

CAPITAL STRUCTURE

Authorised Capital : Rs. 300,000,000.- (Inclusive of Preference share capital Rs. 150,000,000.-)

Capital Employed : Paid Up Rs. 219,500,000.- (Inclusive of Preference share capital Rs.139,500,000.-) as on March 31, 2004

Major Stakeholders /Share Held : As on Sept 30, 2004 (Holding More than 1 %)

	No. of Shares	%Holding
Aashi Glass Company Ltd Japan	17,760,000	22.21
Maruti Udyog Ltd	8,880,000	11.11
B M Labroo	6,916,960	8.65
Kanta Labroo	2,773,000	3.47
Shankar Resources Pvt Ltd	2,232,580	2.79
Sanjay Labroo	1,839,943	2.30
Sudershan Securities Pvt Ltd	1,688,000	2.11
Bright Star International Corporation	1,192,000	1.00
Notz Stucki ET CIE SA A/c Aruna Fund	944,405	1.18
Shashi Palmand	800,000	1.00
Suryanarayana Rao Palmand	800,000	1.00
TOTAL > 1%	45,826,888	56.82

Comments on Share Holding : Asahi India Glass Ltd. is a joint venture between Asahi Glass Co. Ltd. of Japan, B M Labroo & Associates and Maruti Udyog Limited.

DIRECTORS/PRINCIPALS

Board of Directors/Principals : As per latest available company records

B M Labroo	Chairman
Sanjay Labroo	Managing Director & CEO

P L Safaya	Director
A Singh	Director
S Kapur	Director
A Nandy	Director
Kei Yonamoto	Director
G Thapar	Director
K Miyazawa	Director (Technical)
Pierre Kirschen	Director

Key Executives	: Rajesh Mukhija	Company Secretary
	R. Singhal	General Manager
	Shaily Singh	Deputy Manager Mktg
	Bhupinder Singh Kanwar	Head of Manufacturing

OPERATION DETAILS

Line of Business	: Manufacture of Automative and Float Glass.	
Corporate Office	: Global Business Park, Tower-B, 5th Floor, Mehrauli Gurgaon Road, Gurgaon - 122 002, Haryana, India.	
Phone	: +91 124 - 5062212-19	
Fax	: +91 124 - 5062244/88	
Float Glass SBU	: Plot No. T- 7, MIDC Industrial Area, Taloja, Raigad - 410 208, Maharashtra, India.	
Phone	: +91 22 - 27410171-74	
Fax	: +91 22 27410090	
Plant Add	: 94.4 KM Delhi-Jaipur Highway, Vill Jaliawas Teh. Bawal, Rewari - 123 501, Haryana, India.	
No. of Employees	: Reportedly '1500'	
Bankers	: Bank of Baroda Bank of Tokyo-Mitsubishi HDFC Bank Ltd ICICI Bank Ltd Jammu & Kashmir Bank Ltd Punjab National Bank Standard Chartered Bank Sumitomo Mitsui Bnkg Corp	
Banking Relations	: Reportedly Normal	
Auditors	: M/s Jagdish Sapra & Company	Chartered Accountants
Collaborator's	: Asahi Glass Co Ltd, Japan Asahi Glass Co., Ltd., Japan was established in 1907. Enjoying a 45% market share 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. The Group's Glass Operations segment comprises flat glass, automotive glass and other glass including exterior siding boards, specialty glass and glass fibres.	

Quality Assessment : ISO 9000

Trade Names : AIS

Imports : The subject imports from Europe, Asia, Malaysia, USA, Japan

Exports : The subject exports to Europe, Asia, Malaysia, USA, Japan

Imports References : Asahi AGC- Japan
Dupont - Thailand

Selling Terms : Against Document Letter of Credit

Purchasing Terms : Against Document Letter of Credit

Production Details	Capacity	Production	Unit:of Measurement
	(For the FY ending on March 2004)		
Float Glass	29200000	31361673	SqM
Laminated Glass(Windshields)	1200000	1194224	No
Toughened Glass	2090000	2283018	SqM

BUSINESS OPERATIONS

Business Profile --

Incorporated in Dec.'84, Asahi India Glass Ltd(formerly Asahi India Safety Glasses) was converted into a public limited company in Dec.'85. It was promoted as a joint venture by Maruti Udyog; Asahi Glass Company, Japan and B M Labroo and Associates. Asahi Glass Company, Japan, provides the technical assistance to the company.

Asahi India Glass Ltd., manufactures a wide range of automotive and float glass. The Automotive Glass Strategic Business Unit (SBU), one of the two strategic business units of the company, is the sole supplier of automotive safety glass to nearly the entire Indian passenger car industry. The other strategic business unit, the Float Glass SBU, manufactures float glass with a diverse product portfolio catering to the needs of quality conscious customers including builders and architects.

AIS manufactures toughened glass for vehicles, solar panels and the construction industry. It caters to over 90% of the safety glass requirements of the Indian passenger car industry and succeeded in expanding its presence in the non-automotive segment, with its supply to the white goods industry. Besides its main customer Maruti Udyog, it also caters to other vehicle manufacturers like Mahindra & Mahindra, TELCO, DCM Toyota, GMIL, PAL-Peugeot & PAL-Uno, Ashok leyland, Eicher motors and Swaraj Mazda.

It is the first Indian glass company to get the QS-9000 and ISO-9002 certification through TUV Bayren Sachsen, Germany for the production and servicing of automotive safety glass.

In 1999-2000, the company received the "Best Performing Vendor" Award from Maruti Udyog at Maruti Vendor Conference for the year 1998-99. The company is entering into a joint venture with one of its distributors Map Auto and shall be making trade investment in and acquire 1,00,000 (50%) equity shares in Map Auto Glasses. The remaining 50% will be subscribed by Map Auto Ltd.

Subsequent to the investment, the name of the company shall be changed from Map Auto Glasses to Asahi India Map Auto Glass.

The company had 79.61% stake in Float Glass India Ltd has amalgamated the latter with itself w.e.f April 2002.

AIS Automotive Glass of Asahi India has approximately 90% market share of automotive glass sales to OEMs. It also has a 55% market share in the automotive glass replacement market in terms of value.

The AIS Float Glass of Asahi India enjoys approximately 26% share of the Indian float glass market and is the third largest float glass manufacturer in India.

News Details -

Asahi India approves expansion plans (11/02/2004)

Float glass plant to be set up in the Uttaranchal

Asahi India Glass' board of directors, at its meeting held on 30 October 2004, has accorded in principal approval for the expansion plans of the company, which include setting up of a second float glass plant in Uttaranchal. The second float glass plant will have a capacity of 700 MT / day. The board will meet again shortly to approve the project cost and schedule.

News Details -

AIGL to register impressive growth (12/06/2004)

Asahi India Glass Ltd has established itself as one of the largest integrated glass manufacturing companies. It dominates the automotive segment (passenger cars and commercial/utility vehicles) with over 90 per cent market share. With the outlook of the automotive industry appearing healthy, we believe that AIGL would register impressive growth going forward. Also, the outlook on industrial and economic growth of the country stands encouraging, which They believe shall ensure the growth in the float glass business of the company.

The expansion thrust undertaken by AIGL would take care of the rising demand from both the business areas i.e. automotive glass and float glass. The valuation of AIGL too has become attractive after the significant drop in the market price from the high of Rs 152 in January 2004. In fact, the stock price of AIGL has dropped by over 21 per cent in the past 30 days. This, we believe, has provided investors with an opportunity to enter the stock of AIGL for healthy long term returns.

Developments and impact

AIGL's laminated and tempered glass facilities are operating at 100 percent and 70 per cent capacity utilisation levels. As a result, the company has gone for setting up a second automotive glass plant in Chennai in order to meet the rising demand from its OEM customers. The location of the new plant holds special significance as auto majors like Hyundai, Toyota and Ford have established their new capacities in the South. Currently AIGL has 100, 100 and 97 per cent share of business of Hyundai, Ford and Toyota Kirloskar respectively. The car production in the South is expected to witness a huge growth from current level of 2,20,000 to 4,70,000 in next five years time period. Location of the new plant will also be beneficial in terms of savings in cost of raw material import (such as PVB) as well as possible future exports.

Risks

The critical risk areas, which may influence AIGL's performance going forward, are as below: + Margin pressure in both the business segments is expected to continue in current fiscal as well,

thereby restricting any further improvement. + Subdued growth in the domestic automobile industry vis-a- vis FY04.

Growth

We believe that AIGL holds a healthy growth potential in coming years. Few of the key growth drivers are as under: The automotive segment is expected to grow by 12-15 per cent in FY05, OEMs segment to grow by 20 per cent. AIGL being a dominant player in OEM segment, we believe that it will benefit from the higher growth in the segment. Replacement market in the automotive segment too provides a good growth opportunity for the company in time to come. It currently holds 55 per cent market share in automotive replacement market in terms of value. The float glass segment is likely to grow by over 11 per cent during the current fiscal on rising penetration levels, growing industrial sector and healthy economic growth prospects. The expansion plans augur well for AIGL's growth prospects as it would help the company to accommodate the demand from various business segments in the time to come

INTERIM RESULTS

(Financial Results) (Un Audited Half Yearly Results) (Unit: Rupees in '000)

Sept 30, 2004

Gross Sales	3,261,400
Excise Duty	415,300
Net Sales	2,846,100
Other Income	16,700
Total Income	2,862,800
Total Expenditure	2,277,400
PBIDT	585,400
Interest	6,800
PBDT	578,600
Depreciation	222,600
Tax	28,000
Reported Profit After Tax	328,000

FINANCIAL SUMMARY

<i>For the Year Ending :</i>	March 31, 2004	March 31, 2003	March 31, 2002
	(Unit: Rupees in '000)		
Net Worth	1,440,200	930,400	400,200
Variation	54.79%	132.48%	--
Operating Income	5,655,500	4,606,900	2,348,700
Variation	22.76%	96.15%	--
Total Income	5,804,000	4,664,700	2,365,800
Variation	24.42%	97.17%	--

Profit Before Tax	782,300	376,300	172,600
Variation	107.89%	118.02%	--
Profit After Tax	722,800	371,500	118,600
Variation	94.56%	213.24%	--
Import Value	949,000	752,200	511,100
Variation	26.16%	47.17%	--
Variation	-35.19%	471.45%	--
Export Value	242,600	374,300	65,500

Comments on Finances

In the automotive glass segment, Asahi India maintained its market share of over 85 per cent in the passenger car market (including multi-utility vehicles), which grew by 35 per cent and crossed the one-million mark.

Gross sales of the Automotive Glass SBU increased 29 per cent to Rs. 323.48 crores and accounted for 55 per cent of the subject total sales. Strong growth in passenger cars production implied that 83 per cent of the subject sales came from supplies to OEMs against 79 per cent in FY 03. In the OEM segment, the continued shift in the car buying pattern, with stronger growth for mid-sized cars helped us.

The subject continued to maintain the subject market share of approximately 55 per cent in the after market. The market value of sales in the after market grew by over 12 per cent to Rs. 81.19 crores. Export sales during the year, hothe subjectver, the subjectre insignificant.

In the float glass segment, the subject maintained the subject market share of 20 per cent in the flat glass industry. The industry recorded a sales growth of over 13 per cent, with float glass sales growing by over 18 per cent implying an increasing penetration of float glass.

Gross sales in the float glass segment increased 11 per cent to Rs. 264.94 crores. This accounted for 45 per cent of total sales. Of this, domestic sales increased 26 per cent to Rs 216.69 crores.

As per current indications, the outlook for FY 05 looks positive. It is expected that the Indian passenger car industry should grow by 15 - 20 per cent, in the current year, over FY 04. the subject are expecting sales growth in the range of 12 - 15 per cent in the float glass industry.

Timely intervention by the imposition of anti-dumping duty on dumped imports of float glass from China and Indonesia has helped improving realizations. In view thereof and considering the strong demand in domestic market, float glass prices are expected.

The subject's capital expenditure requirement in FY 05 is directed towards the completion of the subject second automotive safety glass plant near Chennai and the architectural processing facility in Taloja, near Mumbai. Besides, the subject have some regular capital expenditure towards continuous process and product improvements and to stay competitive. The total capital expenditure requirement during FY 05 is expected to be in the range of Rs. 100 crores.

The upcoming second automotive safety glass plant will have a capacity of 5,00,000 laminated windshield in phase I. Total capex for phase I is in the region of Rs. 55 crores. the subject will commence commercial production in November, 2004. This will address the subject laminated capacity requirements, considering the subject current capacity utilisation level of nearly 100 per cent.

The subject's growth strategy is aimed at realising the subject vision of becoming India's leading integrated glass Company. The subject plans to achieve the subject vision by having a meaningful presence, in the long term, in every part of the automotive and architectural glass value chain.

The subject has been taking various steps to achieve this. In the automotive glass business, Asahi India already has a value chain presence, reaching out to the end consumer, through automotive glass manufacturing and distribution of automotive glass along with allied products like urethane.

BALANCE SHEET AND PROFIT & LOSS A/C
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BALANCE SHEET

March 31, 2004 March 31, 2003 March 31, 2002
(Unit: Rupees in '000)

SOURCES OF FUND

Net Worth	1,440,200	930,400	400,200
Paid-up Equity Capital	80,000	74,000	74,000
Preference Capital	139,500	60,000	--
Reserve & Surplus	1,220,700	710,900	326,200
Share Application Money	--	85,500	--
Total Borrowings	2,704,200	3,369,800	1,176,700
Secured Loans	576,100	925,100	776,700
Unsecured Loans	2,128,100	2,444,700	400,000
TOTALS	4,144,400	4,300,200	1,576,900

USES OF FUND

Gross Fixed Assets	6,789,800	6,552,100	1,806,300
Less : Cumulative Dep.	3,927,400	3,328,200	1,146,400
Net Fixed Assets	2,862,400	3,223,900	659,900
Investments	26,700	21,400	84,700
Capital Work in Progress	180,000	136,900	233,300
Current Assets, Loans & Adv.	2,082,300	1,704,100	909,100
Inventories	1,079,900	928,200	337,700
Sundry Debtors	619,100	464,600	205,800
Adv/Loans to Corporate Bodies	262,500	214,500	353,500
Cash & Bank Balance	120,800	96,800	12,100
Less: Current Liab. & Prov.	1,010,600	817,900	326,400
Sundry Creditors	517,100	471,800	197,000

Other Current liabilities	261,300	193,500	71,700
Provisions	232,200	152,600	57,700
Net Current Assets	1,071,700	886,200	582,700
Intangible/DRE not w/o	3,600	31,800	16,300
TOTALS	4,144,400	4,300,200	1,576,900

SCHEDULES TO BALANCE SHEET

SUNDRY DEBTORS

Debtors more than six months	20,300	16,800	15,800
Debtors Others	629,000	476,700	190,000
Less : Provisions for Doubtful Debts	-30,200	-28,900	--
Totals	619,100	464,600	205,800

CONTINGENT LIABILITY

Claims not acknowledged yet	--	2,700	4,900
Gurantees undertaken	65,800	70,600	16,200
Letter of Credit	--	--	20,300
Bills Discounted	--	9,200	--
Disputed Taxes	1,100	1,600	--
Others	194,000	219,700	119,100
Total	260,900	303,800	160,500

PROFIT & LOSS ACCOUNT March 31, 2004 March 31, 2003 March 31, 2002 (Unit: Rupees in '000)

Income	5,804,000	4,664,700	2,365,800
Operating Income	5,655,500	4,606,900	2,348,700
Other Income	148,500	57,800	17,100
Change in stocks	70,200	38,800	-18,500
Expenses	4,557,400	3,795,300	1,947,400
Raw Materials, Stores, etc.	1,426,400	1,152,000	869,300
Wages & Salaries	299,400	251,400	136,000
Energy (power & fuel)	714,600	655,200	170,900
Other Operating Expenses	537,400	468,200	166,100
Indirect Taxes	757,000	574,800	322,400
Distribution Expenses	698,900	554,900	219,200
Misc./Other Expenses	123,700	138,800	63,500
PBDIT	1,316,800	908,200	399,900
Less: Financial charges	33,900	93,400	52,900
PBDT	1,282,900	814,800	347,000
Less: Depreciation	500,600	438,500	174,400

PBT	782,300	376,300	172,600
Less: Tax provision	59,500	4,800	54,000
PAT	722,800	371,500	118,600
P & L APPROPRIATION A/C			
Adjustment below net profit	-5,400	5,300	400
P & L Balance Brought Forward	65,500	63,700	59,200
Appropriations	707,600	375,000	114,500
P & L Balance Carried down	75,300	65,500	63,700
Equity Dividend	179,900	119,900	40,700
Preference Dividend	4,100	--	--
Corporate Dividend Tax	23,600	15,400	--
Equity Dividend(%)	225	150	55
Annualised			
Earning Per Share (Rs.) (Unit Curr)	8	4	16
Book Value (Unit Curr.)	16	10	54

KEY RATIOS

March 31, 2004 March 31, 2003 March 31, 2002

EFFICIENCY RATIOS

Average Collection Days (Sundry Debtors/Operating Income * 365 Days)	39.96	36.81	31.98
Account Receivables Turnover (Operating Income/Sundry Debtors)	9.14	9.92	11.41
Average Payment Days (Sundry Creditors/Purchases * 365 Days)	132.32	149.49	82.72
Inventory Turnover (Operating Income/Inventories)	5.24	4.96	6.95
Asset Turnover (Operating Income/Net Fixed Assets)	1.98	1.43	3.56

LEVERAGE RATIOS

Debt Ratio ((Borrowing+Current Liab.)/Total Assets)	0.72	0.82	0.79
Debt Equity Ratio (Borrowings/Net Worth)	1.88	3.62	2.94
Current Liabilities/Net Worth (Current Liabilities/Net Worth)	0.70	0.88	0.82
Fixed Asset/ Net Worth (Net Fixed Asset/Net Worth)	1.99	3.47	1.65
Interest Coverage Ratio (PBIT/Financial Charges)	24.08	5.03	4.26

PROFITABILITY RATIOS(%)

PAT/Total Income (PAT/Total Income)*100)	12.45	7.96	5.01
Net Profit Margin (PBT/Operating Income)*100)	13.83	8.17	7.35
Return on Total Assets (PAT/Total Assets)*100)	14.02	7.26	6.23
Return on Investment (ROI) (PAT/Net Worth)*100)	50.19	39.93	29.64

SOLVENCY RATIOS

Current Ratio (Current Assets/Current Liabilities)	2.06	2.08	2.79
Quick Ratio ((Current Assets-Inventories)/Current Liab.)	0.99	0.95	1.75

INDUSTRY SCENARIO - Glass

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

After smarting under depressed market conditions and high-interest costs relating to the largely debt-funded capacities almost during the entire of 1990s, the float glass industry has been able to tread steadily on the road to recovery during the last three years, especially during the last fiscal by witnessing a sharp improvement in its financial profile.

A healthy demand growth for float glass from the construction and automobile sectors and technological support lent by the foreign parent companies of the Indian manufacturers were the two key factors that led to the growth of the industry.

Most of the major players in the domestic float glass industry have indicated plans to increase the share of value-added products to improve their margins and counter imports.

The country currently has a total flat glass manufacturing capacity of 0.68 million tonnes per annum, comprising 0.17 m.t. of sheet glass (about 25 per cent of the total capacity) and 0.51 m.t. of float glass (75 per cent).

There are four major domestic players, three of which are either the subsidiaries or joint ventures of large MNCs. St. Gobain is the Indian entity of the French glass major, Compagnie de St Gobain, which has a global market share of 13 per cent, while Floatglass India and Gujarat Guardian are the Indian ventures of Asahi Glass Co of Japan and Guardian Industries Corp of US, which account for a share of 22 per cent and 12 per cent in the global market, respectively.

The major user of float glass is the construction sector (60 per cent), the products being mostly clear unprocessed glass, coloured glass and processed glass, apart from the automobile sector (15 per cent) and mirror manufacturing (15 per cent).

The gap between imported and domestic prices has narrowed by around Rs 6 to Rs 9 per mm/sq. m.,

following the imposition of a provisional anti-dumping duty of \$82 per tonne and \$67 per tonne on imports from China and Indonesia, respectively in January this year. Although the provisional levy is for a period of six months up to June 2003, domestic players believe that it would extended beyond this period as imports could once again rebound when duty rates are lowered from the current level of 25 per cent to around 15 to 20 per cent by 2004-05 to comply with the WTO regulations.

FOREX RATES (APPROX)

US\$	= Rs. 45	GBP	= Rs. 85
100 Jap Yen	= Rs. 44	Singapore \$	= Rs. 27
Euro	= Rs. 60	Canadian \$	= Rs. 38
Swiss Franc	= Rs. 39	Hong Kong \$	= Rs. 6
Australian \$	= Rs. 36		

1 Crore Rupees = 10 Million Rupees = 100 Lac Rupees = 10000 Thousand

Note: This report is based on information from sources believed to be true. Any advise or recommendation in this report has been given without specific investment objectives and the particular needs of any specific addressee. It must be distinctly understood that though utmost care has been excercised to obtain reports of a reliable character but we accept no liability whatsoever for any direct or consequential loss arising from any use of this document.

END OF REPORT
