



27<sup>th</sup> July, 2005

The National Stock Exchange of India Ltd.  
The Stock Exchange – Mumbai  
The Calcutta Stock Exchange Association Ltd.

**Subject: Disruption of operations in AIS factory at Taloja**

Pursuant to Clause 36 of the Listing Agreement, we write to inform you about the disruption of operations in our float glass plant at Taloja, near Mumbai.

The unrelenting and unprecedented rainfall in Maharashtra in the last 24 hours has caused major flooding in our factory at Taloja. Despite a superhuman effort by AIS members, water flooded key electrical and oil utilities causing energy starvation. As is the nature of this process, such an event causes a complete cessation of production with a considerable time lag to restart.

While the actual cost of repair is unknown, and will not be considerable, what is certain is the 3-4 weeks it will take to bring the furnace back into production. This has a substantial cost in loss of sales, consequential profits, the continuation of bearing fixed costs, and the actual repair cost. Realizing this, we have decided to proceed with a Hot Repair.

A float glass furnace has a life varying between 10-15 years at the end of which the furnace is stopped and completely rebuilt with new refractories with a new lease of life of 10-15 years. This is called a Cold Repair and costs Rs. 80 – 120 crores and takes 5 – 6 months. Some companies choose to do an intermediate repair called Hot Repair which costs much less, Rs. 15 – 20 crores, and takes 3-4 weeks. This, however, adds a life of 4-5 years. Our furnace is 10.5 years old and our plan was to do a Hot Repair in 2007. In light of what has happened, we think it prudent to use this unfortunate natural accident to prepone the hot repair we had to do by 2007.

This will impact our performance in FY 2006, in the approximate range of Rs. 20-25 crores operating income, but is a preponement and not an extra expense.

We will keep you updated on the further developments in this regard.

Thanking you,

**Yours truly,  
For Asahi India Glass Limited**

**Rajesh Mukhija  
Head-Legal & Company Secretary**