

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Members of Asahi India Glass Ltd. will be held on Wednesday, the 14th day of August, 2013 at 3:00 p.m. at Air Force Auditorium, Subroto Park, New Delhi –110 010 to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, the Profit & Loss Account of the Company for the financial year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kimikazu Ichikawa who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rahul Rana who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :**

"Resolved that Mr. Kenichi Ayukawa, who was appointed as an Additional Director of the Company with effect from 21st May, 2013 in terms of and in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 73 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing appointment of Mr. Kenichi Ayukawa as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :**

"Resolved that Mr. Gurvirendra Singh Talwar, who was appointed as an Additional Director of the Company with effect from 20th December, 2012 in terms of and in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 73 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing appointment of Mr. Gurvirendra Singh Talwar as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :**

"Resolved that Mr. Masakazu Sakakida, who was appointed as an Additional Director of the Company with effect from 1st April, 2013 in terms of and in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 73 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing appointment of Mr. Masakazu Sakakida as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board

Place : Gurgaon
Dated : 21st May, 2013

Gopal Ganatra
Chief Legal Officer &
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Information or details pertaining to the Directors proposed to be appointed or re-appointed at Serial Nos. 2, & 3 of the Ordinary Business and at Serial No. 5, 6, & 7, of the Special Business are given in the Report on Corporate Governance Section of the Annual Report.
3. Explanatory Statement in respect of Special Business, as required under Section 173(2) of the Companies Act, 1956 is enclosed as 'Annexure' to this Notice.
4. The Company has notified closure of Register of Members and Share Transfer Books from 9th August, 2013 to 14th August, 2013 (both days inclusive) for the purpose of the Annual General Meeting*.
5. Members are requested to produce the enclosed attendance slip, duly signed as per the specimen signature recorded with the Company, for admission to the meeting hall. Members holding shares in dematerialised form are requested to bring their DP-ID and Client-ID numbers for easier identification for attendance at the meeting.
6. Members desirous of getting any information on the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members are requested to immediately notify any change in their address either to the Company or its Registrar & Share Transfer Agents. In case the shares are held in dematerialised form, this information should be sent by the Members to their respective depository participants. Members are requested to quote their folio numbers / DP-ID and Client-ID numbers in their correspondence with the Company.
8. Pursuant to provisions of Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund (IEPF). Members who have yet not encashed their dividend warrant(s) for the financial year ended 31st March, 2006 or for any subsequent years are requested to make their claims to the Company or its Registrars and Share Transfer Agents.
9. In terms of the provisions of the Companies Act, 1956, facility for making nominations is available to individual Members of the Company. Members holding shares in physical form can make their nomination in the specified Nomination Form which can be obtained from the Company or its Registrar & Share Transfer Agents. Members holding shares in dematerialised form should approach their depository participants for nomination.
10. In case of change in residential status of Non-Resident Indian Shareholders, the same should be immediately informed to the Registrar & Share Transfer Agents of the Company along with particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank.
11. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. As a matter of economy, copies of the Annual Report will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their copy of the Annual Report to the meeting.

* Subsequent to the approval of this notice by the Board of Directors of the Company on 21st May, 2013, in view of ongoing Rights Issue of equity shares by the Company, the book closure date has been changed to 30th July, 2013.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Board of Directors of the Company at their meeting held on 21st May, 2013 approved the appointment of Mr. Kenichi Ayukawa as an Additional Director with effect from 21st May, 2013. Pursuant to Section 260 of the Companies Act, 1956 read with Article 73 of the Articles of Association of the Company, Mr. Kenichi Ayukawa holds office upto the date of this Annual General Meeting.

Mr. Kenichi Ayukawa, aged 57 years, is a law graduate from Osaka University, Japan. Mr. Ayukawa joined Suzuki Motor Corporation in 1980 and worked at various levels there including General Manager, Overseas Marketing Administration Department and Managing Director of Pak Suzuki Motor Company Limited. He joined the board of Maruti Suzuki India Limited (MSIL) in 2008. He was appointed as Managing Director & C.E.O. of MSIL w.e.f. 1st April 2013.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Kenichi Ayukawa as Director of the Company. Mr. Kenichi Ayukawa consented to act as Director. The Board considers it desirable to avail the expertise and guidance of Mr. Kenichi Ayukawa on the Board and recommends passing of the Resolution in Item 5.

Except Mr. Kenichi Ayukawa, none of the Directors of the Company is concerned with or interested in the Resolution.

Item No. 6

The Board of Directors of the Company by way of resolution by circulation passed on 20th December, 2012 approved the appointment of Mr. Gurvirendra Singh Talwar as an Additional Director in the capacity of "Independent Director" with effect from 20th December, 2012. Pursuant to Section 260 of the Companies Act, 1956 read with Article 73 of the Articles of Association of the Company, Mr. Gurvirendra Singh Talwar holds office upto the date of this Annual General Meeting.

Mr. Gurvirendra Singh Talwar (also known as Mr. Rana Talwar), aged 65 years, holding Bachelor of Arts (Hons.) degree in Economics from St. Stephen's College, University of Delhi is the founding Chairman and Managing Partner of Sabre Capital Worldwide, a private equity and investment company focused on financial services. Mr. Talwar started his career with Citibank in India and subsequently served in Saudi Arabia, Hong Kong, Singapore, Belgium and the United States. He was responsible for building and leading Citibank's retail businesses across all countries in Asia-Pacific and the Middle East, and subsequently for managing Citibank's businesses in Europe and North America. He was appointed Executive Vice President of Citibank and Citigroup and was a member of the Policy and Executive Committees of Citigroup and Citibank. Mr. Talwar left Citigroup to join Standard Chartered Plc, where he was appointed Global Chief Executive. He is the first Asian to have been appointed Global Chief Executive of a FTSE 15 company, and of a major international bank. Standard Chartered is a leading emerging markets bank with operations in over 60 countries, assets of US\$1000 billion and a market cap of US\$50 billion.

Mr. Talwar was previously Chairman of Centurion Bank of Punjab Limited in India. He is a Non-executive Director of DLF Limited. He has also served on the global boards of Pearson Plc (owner of the Financial Times, the Economist and Penguin Books), Schlumberger Limited (oilfield services) and Fortis SV and NA (financial services). He is founding Governor of the Indian School of Business, a former Governor of the London Business School and is Patron of the National Society for Prevention of Cruelty to Children.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Gurvirendra Singh Talwar as Director of the Company. Mr. Gurvirendra Singh Talwar has consented to act as Director. The Board considers it desirable to avail the expertise and guidance of Mr. Gurvirendra Singh Talwar on the Board and recommends passing of the Resolution in Item 6.

Except Mr. Gurvirendra Singh Talwar, none of the Directors of the Company is concerned with or interested in the Resolution.

Item No. 7

The Board of Directors of the Company by way of resolution by circulation passed on 28th March, 2013 approved the appointment of Mr. Masakazu Sakakida as an Additional Director in the capacity of "Independent Director" with effect from 1st April, 2013. Pursuant to Section 260 of the Companies Act, 1956 read with Article 73 of the Articles of Association of the Company, Mr. Masakazu Sakakida holds office upto the date of this Annual General Meeting.

Mr. Masakazu Sakakida, aged 55 years, holds a Bachelor degree in Engineering from Tokyo University, Japan. He has 32 years of experience in business planning and management. Mr. Sakakida commenced his career in 1981 with Mitsubishi Corporation, Japan and has held several senior positions. Mr. Sakakida was designated as Senior Vice President at Mitsubishi Corporation, Tokyo (Japan) and taken over as Chairman & Managing Director at Mitsubishi Corporation India Pvt. Ltd w.e.f. 1st April, 2013.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Masakazu Sakakida as Director of the Company. Mr. Masakazu Sakakida has consented to act as Director. The Board considers it desirable to avail the expertise and guidance of Mr. Masakazu Sakakida on the Board and recommends passing of the Resolution in Item 7.

Except Mr. Masakazu Sakakida, none of the Directors of the Company is concerned with or interested in the Resolution.

By order of the Board

Dated : 21st May, 2013
Place : Gurgaon

Gopal Ganatra
Chief Legal Officer &
Company Secretary

Registered Office :
Unit No. 203 to 208,
Tribhuvan Complex, Ishwar Nagar
Mathura Road, New Delhi - 110065.



ASAHI INDIA GLASS LIMITED

Annual Report 2012-2013



R e s i l i e n c e



*"The world breaks everyone, and afterward,
some are strong at the broken places"*

-Ernest Hemingway

Forward-looking Statement

This Annual Report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performances or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available sources and has not verified those information independently.

Resilience

Resilience is the capacity of an ecosystem to respond to an external disturbance by resisting damage and recovering quickly. It is about the undying spirit of perseverance – refusing to give up and rebound from misfortune, hardships and traumas.

Resilience is rooted in a tenacity of spirit—a determination to embrace growth even in the face of overwhelming odds. When we have a clear sense of identity and purpose, we are more resilient, because we can hold fast to our vision of a better future and can come through unharmed or even better from these adversities.

Resilience is at the core of AIS. Driven by the 'AIS Way' of working that sets milestones, promotes execution excellence, adopts an objective, logical and transparent way of dealing with situations and is performance oriented, AIS has a history of overcoming adversities and emerging stronger everytime.



Contents

Vision - Mission - Guiding Principles	3
Chairman's Message	4
Financial Highlights	7
About AIS	8
Corporate Information	10
Management Discussion & Analysis	12
Q&A with MD & CEO	22
Corporate Social Responsibility	27
Report of the Directors	31
Report on Corporate Governance	36
Auditors' Certificate on Corporate Governance	48
Independent Auditors' Report (Standalone)	49
AIS - Financials (Standalone)	52
Statement related to Subsidiary Companies	76
Independent Auditors' Report (Consolidated)	77
AIS - Financials (Consolidated)	78
Notice to Shareholders	97



Vision

SEE MORE

This byline captures AIS's culture:

- It describes AIS's products and services which delight customers by helping them see more in comfort, safety and 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 in detail.

To transcend the ordinary.

Mission

"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



Chairman's Message

Dear Shareholders,

I strongly believe that the true mettle of a Company is tested when it is pushed to the brink. Enterprises that display the ability to withstand difficult times and embark on new rounds of growth are the ones who can create and deliver sustainable value. We at AIS are going through one such phase of turbulence.

If you recall, in my letter to you in the last Annual Report, I had said that we were ending 2011-12 on a pessimistic note. Ironically, 2012-13 lived up to my sense of pessimism.

Let us first look at the broader business environment. The global economy slowed down further in 2012-13. For the calendar year (CY) 2012, output growth reduced to 3.2% against 4% in CY2011. While the advanced economies witnessed a drop in real GDP growth from 1.6% in CY2011 to 1.2% in CY2012, more disappointing has been the growth reduction in emerging economies – from 6.4% in CY2011 to 5.1% in CY2012. Going forward, IMF's World Economic Outlook estimates suggest that global economic conditions will be similar or marginally better in CY2013. World output growth is estimated at 3.3% with advanced economies growing at 1.2% and emerging economies at 5.3%.

For advanced economies there is the twin story of recovery in USA and turmoil in Europe. While the growth estimates for the United States in CY2013 of 1.9% to 2% may not seem high, and indeed is insufficient to make a large dent in the still-high unemployment rate, it will be achieved. Underlying private demand is strong; there is a pent-up demand for housing and durables; a steady revival in the USA is imminent.

It is rather surprising that the global demand slump has not managed to dent the high prices of energy. From this perspective it is unfortunate that the emerging economies that continue to drive global growth are also ones that are highly energy intensive. So, the demand for energy related products continue to grow and there are supply side constraints. Add to this the significant speculative activity in oil trading. Consequently, for most of 2012-13, Brent Crude has traded between US\$100 and US\$120 a barrel. This trend is expected to continue in 2013-14.

As you are aware, glass is a very energy intensive industry and with manufacturing facilities in India, a country that does not have sufficient oil resources and has to import most of its demand, the glass industry including AIS has no option but to be a price taker. Although we have converted

both our float glass plants to natural gas, our energy cost still remains high due to the recent increase in prices of natural gas.

The economic story of India is particularly disappointing. India recorded a 5% GDP growth in 2012-13 – the lowest in the last decade. Industrial growth has reduced to 2.1% with manufacturing reducing to a paltry 1%. This is very disconcerting for someone who has seen the new wave of manufacturing developing in India over the last three decades.

There was some good news with inflation, especially for non-food manufactured product softening during 2012-13. However, consumer price inflation actually firmed up. The average headline WPI inflation during 2012-13 at 7.4% was significantly lower than the 9% inflation witnessed in 2011-12. While this has been a respite, overall economic uncertainties have created a major negative sentiment in investments and consumption in India. Monetary policy eased somewhat during 2012-13, in response to some softening of inflation and significant moderation in growth. However, monetary policy response to addressing growth concerns was constrained by the twin deficit (current account deficit and fiscal deficit) risks that prevailed for the most part of the year. Consequently, while interest rates reduced a bit, the absolute levels are still fairly high.

All these macro developments have had a squeezing effect on the profitability of players in the glass industry in India. On the one hand, with economic slowdown, demand has become subdued, and has affected our ability to grow revenues. On the other, high energy prices and that of key materials like sand and soda ash, have continued to increase putting severe pressure on operating profits. Glass manufacturing is also very capital intensive and AIS like many other players in the industry believing in the potential for glass in a growing India, has made large investments in creating appropriate capacities. These investments using domestic capital, which is priced significantly higher than global capital,

have put severe financing cost pressures in the initial stage of production ramp up.

The effects of the business environment are fairly evident in our financial performance. Even in a difficult market, I am happy to note that net sales increased by 15.7% from ₹ 1,665 crores in 2011-12 to ₹ 1,927 crores in 2012-13. However, this growth has not been in line with our higher capacities and spiralling input costs and the Company generated net losses (after tax), including profit from associates and minority interests, of ₹ 99 crores.

Clearly, we have had two very difficult years and have been pushed to the wall.

But I am confident of our ability to overcome the situation and re-embark on a new phase of growth. I have complete trust in AIS and its powers of resilience. And, this faith on the Company's ability to bounce back from adverse conditions is not without reason. Let me explain this in a little more detail.

First, this is not the first time that the Company has faced extreme challenges. Looking back, there was the yen effect (1986), collapse of manufacturing in India (1987), collapse of raw materials supply (1990), the strike (1991), challenge of newly acquired FGI (2001) and the massive scale up of capacity, technology, location, people, systems (2006–2011). AIS has overcome them all and emerged as a stronger Company after each round of setback. So, we have overcome challenges before and will do it again this time.

Second, we have developed wide spectrum capacities and capabilities within AIS. Today, your Company is present across the entire value chain of architectural and automotive glass. There is flexibility in production as well as specialisation in servicing different needs of customers. With experience, we will optimise the enterprise-wide integrated approach to create clear competitive advantage.

Third, I believe in the values, culture and systems that are encapsulated in the 'AIS Way' of working.