



SANJAY LABROO
Managing Director &
Chief Executive Officer

30th January, 2007

Dear Shareholder,

I am pleased to inform you about the commissioning of the second float glass plant of AIS at Roorkee on the 1st of January, 2007. The plant, with a capacity of 700 tons per day, forms part of the largest Integrated Glass Plant in the country set up by your Company at Roorkee in the State of Uttarakhand. The plant was formally inaugurated by His Excellency Shri Sudarshan Agarwal, the Hon'ble Governor of Uttarakhand on 22nd of January, 2007. The Integrated Glass Plant, comprising the state-of-the-art manufacturing facilities for float glass, reflective glass, mirror, automotive safety glass and architectural processed glass, will be fully functional by May, 2007.

The commissioning of the float glass plant, ahead of the original schedule, has been a proud moment for the Float Glass Unit and AIS. I compliment the entire team of the Float Glass Unit, which was ably supported by our collaborators, Asahi Glass through its European branch, Glaverbel.

The plant provides key benefits and advantages like fiscal incentives in the form of tax exemptions, close proximity to the largest glass consuming market in the North India, reduced operational costs due to low power tariff, reduced packing and freight costs, etc. With the commissioning of the plant, we expect our share in the Indian float glass market to significantly increase from 20 % to nearly 35 %.

The Integrated Glass Plant is a critical fit to our strategy of building value chain and scales with forward and backward linkages, which will significantly help AIS in realizing operational synergies and reducing costs through :

- Internalization of glass sourcing for auto and architectural processing, and de-commoditization of glass business.
- Improved operational efficiencies.
- Consolidation of supplies of key inputs.
- Reduction in packing and logistics cost through integrated operations.
- Lower overheads / unit, with large scale plants.
- Improved profitability by capturing end markets and delivering value-added products and services.

I am also pleased to inform that the Board of Directors at its meeting held on the 22nd of January, 2007 at Roorkee, inter alia, considered and approved the un-audited financial results of AIS for the third quarter and the nine months ended 31st December, 2006.

The highlights of the Results for the third quarter and the nine months ended 31st December, 2006, compared to the corresponding previous period, are summarized below for your kind reference:

AIS (Standalone) : Financial Results

(Rs. Crores)

Particulars	Third Quarter ended 31 st December			Nine Months ended 31 st December		
	FY 2006-07	FY 2005-06	Change (%)	FY 2006-07	FY 2005-06	Change (%)
Gross Sales	219.84	150.20	46.36	630.00	518.00	21.62
Net Sales*	185.31	121.46	52.57	531.72	429.83	23.70
Profitability*						
- Operating Profit (PBDIT)	36.56	26.79	36.47	112.04	88.02	27.29
- Cash Profit (PBDT)	29.46	24.08	22.34	92.06	80.80	13.94
- Profit Before Tax	21.21	2.84	646.83	51.38	21.84	135.26
- Net Profit	13.36	2.48	438.71	33.16	19.31	71.72

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AIS (Consolidated) : Financial Results

(Rs. Crores)

Particulars	Third Quarter ended 31 st December			Nine Months ended 31 st December		
	FY 2006-07	FY 2005-06	Change (%)	FY 2006-07	FY 2005-06	Change (%)
Gross Sales	226.15	153.19	47.63	647.60	525.10	23.33
Net Sales*	187.24	122.63	52.69	536.68	432.39	24.12
Profitability*						
- Operating Profit (PBDIT)	37.45	27.24	37.48	113.94	87.95	29.55
- Cash Profit (PBDT)	30.32	24.51	23.70	93.88	80.68	16.36
- Profit Before Tax	22.00	3.22	583.23	53.02	21.57	145.80
- Net Profit	13.92	2.89	381.66	34.75	19.45	78.66

*Net sales, net of inter-division transfers and excise duty. The profits for the nine month period include a profit of Rs. 11.72 crores on sale of company land at Roorkee.

The results during the third quarter have shown significant improvement and are as per our expectations. Key factors like reduced oil prices, better price realization for architectural glass, strong market growth in all our business segments have impacted the results positively. Our future performance will continue to be influenced by these and the other key factors. As things stand, we expect these to remain positive.

The year 2007-08 will be the year when the ongoing expansions will be fully commissioned. The current phase of the expansion program is almost completed, effectively capturing each element of the auto and architectural glass value chains. Of the total capital investment of Rs. 1100 crores projected for these expansions, the current phase covered Rs. 950 crores approximately. The capital investment will start tapering off after completion of all the units at the Roorkee Plant and the addition of a new state-of-the-art tempering line at the automotive glass plant at Chennai in 2007.

These expansions will further strengthen AIS's competitiveness, enable it to offer "technologically demanding" higher value-added products, and improve its position of being among the lowest cost high quality full solutions provider to our customers.

I would also like to mention that we are in the process of seeking approval of our shareholders, through postal ballot process, for the following proposals, as required pursuant to the relevant provisions of the Companies Act, 1956 and the other applicable regulations :

- Enhancement of the borrowing powers of the Board of Directors of AIS from Rs. 1250 crores to Rs. 2000 crores
- Alteration of the Objects Clause in the Memorandum of Association of the Company

Our shareholders will continue to extend their support and approve these proposals. The relevant documents are being sent to our shareholders for the purpose.

We are excited by the growth opportunities and are best positioned to gain from it.

With best wishes for a happy and prosperous New Year,

Sincerely,

Sanjay Labroo

DISCLAIMER

The information has been provided to give the shareholders/investors a greater insight into the operations and the likely direction of the Company and not to solicit any investment. Any investments, therefore, by shareholders/investors should be based on their individual judgment and analysis.