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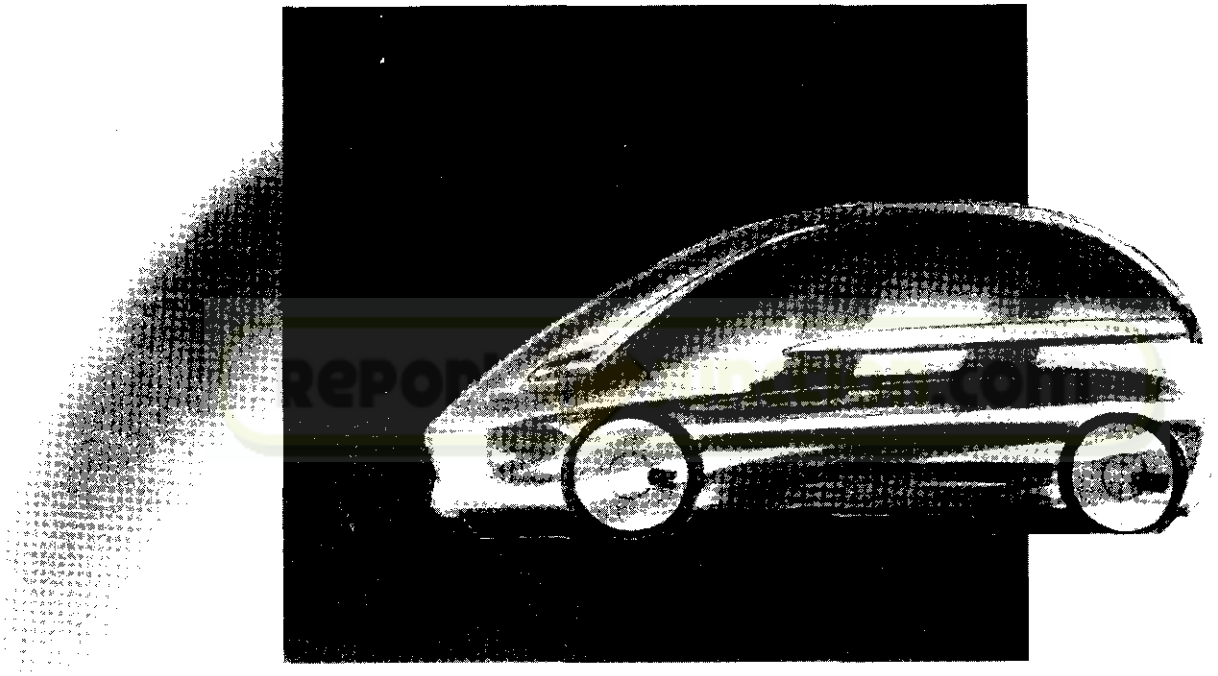
SEKURIT SAINT-GOBAIN INDIA LIMITED

(FORMERLY MAHARASHTRA GLASS & AGRO LIMITED)

SEKURIT
SAINT-GOBAIN



ANNUAL REPORT 1998-99

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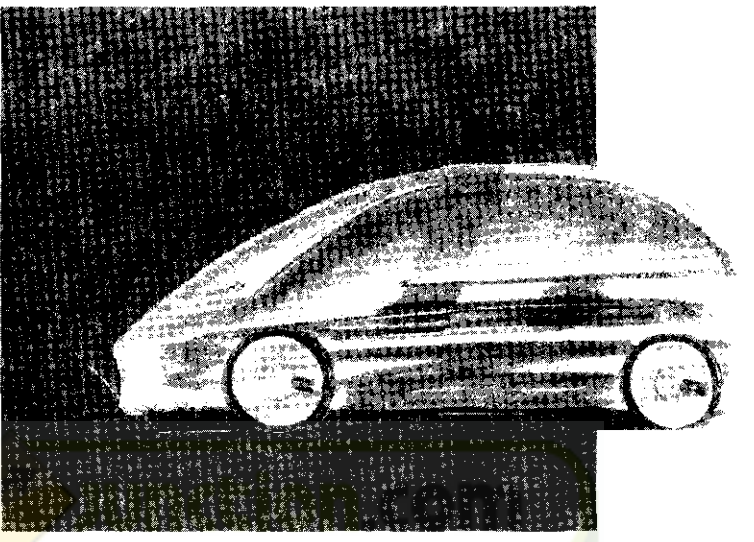
A Leader in Technical Glazings for Automobiles Worldwide

SEKURIT
SAINT-GOBAIN



The Leading Automotive Glazing Supplier. Sekurit Saint-Gobain International (SSGI) is a specialized company which works closely with automobile companies worldwide in meeting their glazing needs. SSGI is industrially and commercially present in 23 countries in America, Asia and Europe.

In Europe, one out of every two cars is fitted with "Sekurit Saint-Gobain" glazing. With its position as European leader and an industrial and commercial presence in 23 countries, SSGI is one of the top world suppliers of glazing. SSGI has established itself in three markets : Initial fitting (OEM), Transport (heavy goods vehicles, coaches, buses, rail, etc.) and Replacement or aftermarket.

Satisfying the customer: SSGI has organised itself to develop its products in close collaboration with its customers and to produce and deliver them to the major world markets. To this end, SSGI has international research teams in five research centres located in three countries. Its 36 plants worldwide mean that deliveries can be made to the customers' production lines at the required time.

Innovation: SSGI is constantly looking for new products which meet the growing functional requirements of the car: visibility, security and safety, comfort, communication, modules.

Main Customers

BMW/Rover
Chrysler
Daewoo
Fiat (Alfa Romeo, Lancia)
Ford
General Motors (Opel, Saab)
Honda
Hyundai
Inalfa
Marmann
Kassbohrer, Man, RVI, Scania
Kia
Mazda
Mercedes-Benz
Mitsubishi
Nissan
Porsche
PSA (Peugot, Citroen)
Renault
Rockwell
Samsung
SsangYong
Suzuki
Toyota
Volvo
VW (Audi, Seat, Skoda)
Webasto

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BOARD OF DIRECTORS

A. Y. MAHAJAN - Chairman
S. ARTE - Managing Director
J. ASCHENBROICH
W. LAMBERTZ
E. NUNES
J. L. REMIREZ
K. PRASAD - Alternate Director to Mr. J. L. Remirez
F. RUSSAC
B. SANTHANAM

ANNUAL
GENERAL MEETING
ON SATURDAY,
25TH SEPTEMBER, 1999
AT 11.30 A.M.

AT
HOTEL PANCHSHIL
TELCO ROAD,
CHINCHWAD,
PUNE - 411019

COMPANY SECRETARY

P.V.ACHARYA

AUDITORS

S.R.BATLIBOI & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS

UNION BANK OF INDIA
SOCIETE GENERALE

REGISTERED OFFICE & BHOSARI WORKS

T-94/95, M.I.D.C,
BHOSARI INDUSTRIAL AREA,
PUNE MAHARASHTRA, INDIA 411 026

CHAKAN WORKS

PLOT NO. 621,VILLAGE KURULI,
PUNE NASHIK ROAD, CHAKAN,
PUNE, MAHARASHTRA, INDIA - 410501

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NOTICE

Notice is hereby given that the Twenty sixth Annual General Meeting of the Members of Sekurit Saint-Gobain India Ltd. will be held on Saturday, 25th September, 1999 at Hotel Panchshil, TELCO Road, Chinchwad, Pune 411 019 at 11.30 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive and adopt Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the report of Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. J. Aschenbroich, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. J. L. Remirez, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. W. Lambertz, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint M/s Kalyaniwalla and Mistry, Chartered Accountants, who are eligible for appointment as the Auditors of the Company in place of the present auditors M/s S. R. Batliboi & Associates, Chartered Accountants who have resigned and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification(s) following resolution as a Special Resolution.

   "**RESOLVED THAT** pursuant to the provisions of Section 17 of the Companies Act, 1956, Clause No.3A to 3C forming part of Objects Clause of the Memorandum of Association of the Company be and are hereby deleted."

7. To consider, and if thought fit, to pass with or without modification(s) following resolution as a Special Resolution.

   "**RESOLVED THAT** Mr. E. Nunes, who was appointed as an Additional Director of the Company with effect from 4th March, 1999, under Article 120 of the Articles of Association of the Company and who holds office upto this Annual General Meeting, be and is hereby appointed as a Director of the Company."

   "**RESOLVED FURTHER THAT** pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions , if any , of the Companies Act , 1956 and subject to approval of Central Government and such other authorities, consent of the Company be and is hereby accorded to the appointment of Mr. E. Nunes as the Wholetime Director of the Company for a period of two years w.e.f. 1st September,1999 to 31st August, 2001.

8. To consider, and if thought fit, to pass with or without modification(s) following resolution as an Ordinary Resolution.

   " **RESOLVED THAT** Mr. S. Arte, who was appointed as an Additional Director of the Company with effect from 5th June, 1999, under Article 120 of the Articles of Association of the Company and who holds office upto this Annual General Meeting, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT pursuant to provisions of Section 198, 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any other laws prevailing for the time being in force, consent of the Company be and is hereby accorded to the appointment of Mr. S. Arte as the Managing Director of the Company for a period of five years w.e.f. 1st April,1999 to 31st March, 2004.

   RESOLVED FURTHER THAT subject to the limits contained in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956, the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to review and/or revise the terms, conditions, remuneration, perquisites, commission and other benefits being given or to be given to Mr. S. Arte in line/ confirmity with any amendment to the relevant provisions in the Act and/ or the rules and regulations made thereunder and or guidelines as may be announced by the appropriate authorities from time to time and in accordance with the limits specified in Schedule XIII to the Act or any amendment thereto as may be agreed between the Board and Mr. S. Arte."

9. To consider Report of the Board of Directors of the Company to the Shareholders as to

   a) The accumulated losses of the Company as at 31st March, 1999 having eroded more than 50% of the peak net worth of the Company during the immediately preceding four financial years.

   b) The causes for such erosion.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

    "**RESOLVED THAT** the Articles of Association of the Company be altered pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 in the following manner:

    After Article 80, insert the following heading and article as Article 80 A :-

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80A : Dematerialisation of Securities

(i) For the purpose of this Article :
"Beneficial Owner" means a person whose name is recorded as such with a depository;

"SEBI" means the Securities and Exchange Board of India;

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

"Registered Owner" *means a depository whose name is entered* as such in the register of the Company;

"Regulations" means the regulations made by the SEBI;

"Record" *includes the records maintained in the form of books* or stored in a computer or in such other form as may be determined by regulations;

"Security" means such security as may be specified by SEBI from time to time.

(ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing security by entering into an agreement with the depository, rematerialise its security held in the depositories and/or to offer its fresh security in a dematerialised form pursuant to the Depositories Act, 1996.

(iii) Every person subscribing/who subscribed to security offered by the Company shall have the option to receive security certificate and/or to hold with a depository. Such a person who is the beneficial owner of the security can at any time opt out of a depository, in the manner provided by the Depositories Act, 1996 and the Company shall, in manner and within the time prescribed, issue to the beneficial owner the required certificate(s) of security.

(iv) Notwithstanding anything contained in sub section (1) of Section 113 of the Act or any modifications or re-enactments thereof, if a shareholder/investor opts to hold its security with a depository, the Company shall immediately intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(v) The security held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the security held by it on behalf of the beneficial owners.

(vi) Notwithstanding anything to the contrary contained in the Act or these Articles -

(a) a depository, shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner;

(b) save as otherwise provided in (a) above, the depository as the registered owner of the secutity shall not have any voting rights or any other rights in respect of the security held;

(c) every person holding security of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the security shall be entitled to all the rights and benefits and be subject to all liabilities in respect of the security which is held by a depository.

(vii) Notwithstanding anything to the contrary contained in the Act or these Articles, where security is held in the depository, the records of the beneficial owner may be served by such depository on the Company by means of an electronic mode or by delivery of floppies or discs.

(viii) Nothing contained in Section 108 of the Act, or these Articles shall apply to transfer of security effected by transferor and transferee both of whom are entered as beneficial owner in the records of a depository. In the case of transmission of security, where the Company has not issued any certificates, or where such security is being held in electronic and fungible form in a depository, the provisions of the Depositories Act, 1996 shall apply.

(ix) Notwithstanding anything to the contrary contained in the Act or these Articles, recording of Distinctive Numbers of security held by each member respectively in the Register of Members or Register of Security of the Company shall not apply to the security which is held with a depository.

(x) The Company can hold the investment in the name of a depository when such investment is in the form of security held by the Company as a beneficial owner.

(xi) With regard to the rectification of register on transfer, the provisions of Section 11A of the Act, as may be in force from time to time shall apply.

(xii) The Register and Index of Beneficial Owner maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles."

11. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the circular issued by the Securities & Exchange Board of India, the provisions of the Listing Agreement and subject to such conditions and modifications as may be imposed in granting such approvals and which may

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be agreed by the Board of Directors (Board), the consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from The Delhi Stock Exchange Association Limited w.e.f. 1st October, 1999.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to execute all such documents as it may be deemed necessary for the purpose of giving effect to the above Resolution."

Mumbai, 30th August, 1999 — By Order Of the Board

Registered Office :
T-94/95, M.I.D.C., Bhosari,
Pune - 411 026.

P.V.ACHARYA
COMPANY SECRETARY

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

2. Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of resolutions set out under item no.6 to 11 above, is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company was closed from Monday, 2nd August, 1999 to Friday, 6th August, 1999 (both days inclusive).

4. In view of change in the name of the Company, it has been decided in consultation with Pune Stock Exchange Ltd. **NOT TO** exchange existing certificates with certificates having new name. Hence, certificates with old name will continue to be valid. As and when these certificates are received for transfer, stickers with the new name will be affixed on them.

5. The unclaimed dividend for and upto financial year 31st March, 1994 has been transferred to the General Revenue Account of the Central Government pursuant to the provisions of Section 205A of the Companies Act 1956. Members who have not encashed the dividend warrants for the said period are requested to claim the amount by submitting an application in Form No II to the Office of the Registrar of Companies, Maharashtra, PMT Commercial Complex, Deccan Gymkhana, Shivajinagar, Pune 411 004.

6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Company Secretary, so as to reach at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.

7. Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of the Folios alongwith relevant share certificates to the Company.

8. Members are requested to immediately intimate the change, if any, of their registered address to the Company.

9. The present auditors M/s. S. R. Batliboi & Associates, Chartered Accountants have resigned. A Special Notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225 (1) from a shareholder, proposing the appointment of M/s.Kalyaniwalla and Mistry, Chartered Accountants, as the Auditors of the Company in place of M/s.S.R.Batliboi & Associates, Chartered Accountants.

Mumbai, 30th August, 1999 — By Order Of the Board

Registered Office :
T-94/95, M.I.D.C., Bhosari,
Pune - 411 026.

P.V.ACHARYA
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT , 1956.

ITEM NO. 6

Clause no. 3A to 3C of the objects clause of the Memorandum of Association of the Company provide for activities relating to solvent extraction of vegetable oil. As the Company has already hived off its oil division in 1996, these clauses are irrelevant to the main objects of the Company. Hence it is decided to delete these clauses from the Memorandum of Association.

The Board recommends this Special Resolution for your approval.

None of the Directors of the Company are interested in the said resolution.

ITEM NO.7

At a meeting of Board of Directors (the "Board") of the Company held on 4th March, 1999 Mr.E.Nunes was appointed as an Additional Director of the Company. Mr.E.Nunes has been deputed by Sekurit Saint-Gobain S. A. France. He has 35 years of experience of working in Sekurit Saint-Gobain's plants at different international locations. The Board is confident that his experience will be of great help to the Company. The terms and conditions of his appointment are given below.

TERMS AND CONDITIONS OF THE APPOINTMENT

1. **NATURE OF DUTIES :**

   Mr. E. Nunes shall be responsible for overall technical and quality improvement projects in laminated and tempered glass at Bhosari and Chakan.

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2. **PERIOD OF CONTRACT :**

Two years with effect from 1st September, 1999 to 31st August, 2001.

3. **REMUNERATION :**

a) **SALARY :**

Basic Salary of Rs. 5,600/- per month. He will also be eligible for Special Allowance of Rs. 2,18,000/- per month.

The above Basic Salary and Special Allowance is payable net of all applicable taxes.

The Technical Director shall not be paid any sitting fees for attending Meetings of the Board or Committees thereof.

b) **PERQUISITES :**

He will be entitled to Provident Fund and Gratuity as per rules and regulations of the Company/statutory provisions.

He will be eligible for a furnished leased accommodation as per Company rules.

He will be provided conveyance to commute between his residence and site and for any official local travel.

The expenses incurred for relocating and transporting personal effects from France to India will be reimbursed in India on submission of documentary proof.

The Board recommends the appointment of Mr.E.Nunes as a Director of the Company.

None of the Directors other than Mr.E.Nunes is interested in this resolution.

This may be treated as an abstract of the terms of the contract pursuant to Section 302 of the Companies Act, 1956.

ITEM NO.8

At a meeting of Board of Directors (the " Board ") of the Company held on 4th March, 1999, Mr. Atul Gulati – Managing Director tendered his resignation w.e.f. 31st March, 1999. The Board has accepted the resignation of Mr. Atul Gulati. In the same meeting the Board has appointed Mr. S. Arte as the Managing Director of the Company with effect from 1st April, 1999. The remuneration to be paid to him as well as the other terms and conditions of appointment are within the limits as specified under Schedule XIII of the Companies Act, 1956. Mr.S. Arte is B. Tech. and is holding Masters degree in Management. He is having an experience of fifteen years working in various capacities. The qualifications and experience of Mr.S. Arte will be of great help to the Company especially at this critical juncture. The terms and conditions of his appointment are given below.

TERMS AND CONDITIONS OF THE APPOINTMENT :

1. **NATURE OF DUTIES :**

Mr. S. Arte shall carry out such functions and exercise such powers and such duties as may be entrusted to him by the Board from time to time.

2. **PERIOD OF CONTRACT :**

Five years with effect from 1st April, 1999 and ending on 31st March, 2004.

3. **REMUNERATION :**

a) **SALARY :**

Rs. 35,000/- per month with full liberty to the Board to increase the amount payable by way of salary from time to time within the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.

The Managing Director shall not be paid any sitting fees for attending Meetings of the Board or Committees thereof.

b) **PERQUISITES :**

Perquisites may be allowed in addition to salary. These shall be restricted to an amount equal to the annual salary. Unless the context otherwise requires, perquisites are classified into three categories `A', `B' and `C' as follows.

CATEGORY – A

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under :-

Housing I – *The expenditure by the Company on hiring furnished* accommodation for the appointee will be subject to the following ceiling :- Sixty per cent of the salary, over and above ten percent payable by the appointee.

Housing II – In case the accommodation is owned by the Company, ten per cent of the salary of the appointee shall be deducted by the Company.

Housing III – In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation – The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the appointee.

Medical reimbursement – Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

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Leave Travel Concession -- For the appointee and his family, once in a year, incurred in accordance with any rules specified by the Company.

Club fees - Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

Personal accident insurance – Premium not to exceed Rs.4,000/- per annum.

CATEGORY – B

Car and telephone facility - Provision of car for use on Company's business and telephone at residence will not be considered as perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The Company shall reimburse to the Managing Director, entertainment, travelling and all other expenses incurred by him for the business of the Company.

The Company shall subject to Article 200 of the Articles of Association of the Company at all times keep the Managing Director indemnified and secured, harmless from and against all actions, claims, costs, charges, losses, damages, demands and expenses which may be instituted or brought against the Managing Director in the course of the Company's business.

This Agreement may be terminated at any time by either party hereto by giving 6 (six) months written notice of such termination to other party and neither party will have any claim against each other for damages or compensation by reason of such termination.

CATEGORY – C

Minimum remuneration - Notwithstanding anything to the contrary herein, where, in any financial year during the currency of the tenure of Mr. S. Arte, the Company has no profits or its profits are inadequate, the remuneration payable by way of salary and perquisites shall not exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time .

The Board recommends the appointment of Mr. S. Arte as the Managing Director of the Company.

None of the Directors other than Mr. S. Arte is interested in this resolution.

ITEM NO. 10

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956 a new Article is proposed to be inserted in the Articles of Association of the Company, stating the framework of the system of Depository as per the provisions of the Depositories Act, 1996. The proposed alterations to the Articles is to facilitate operation of Depository under the said system. In view of the said amendment, the Company proposes to incorporate a new Article No. 80A in the Articles of Association of the Company, so as to be in consonance with the amended provisions of the Companies Act, 1956 read with the provisions of the Depositories Act, 1996.

Copies of the relevant documents are available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day upto the date of this meeting.

The Board recommends this Special Resolution for your approval.

None of the Directors of the Company are concerned or interested in the said Resolution.

ITEM NO. 11

The Company had listed its equity shares on the Pune Stock Exchange Ltd. (Regional Stock Exchange), The Stock Exchange, Mumbai and The Delhi Stock Exchange Association Limited.

Pursuant to circular No. SMDRP/CIR-14/98 dated 29th April, 1998 issued by the Securities and Exchange Board of India to all the Stock Exchanges, voluntary delisting of securities on the stock exchanges other than the Regional Stock Exchange shall be permitted by the Stock Exchanges at the request of the Company. In view of non-trading/infrequent trading of the Company's equity shares on The Delhi Stock Exchange Association Limited, it is proposed to delist the equity shares of the Company from 1st October, 1999. The Company shall continue its listing of securities with The Stock Exchange, Mumbai and Pune Stock Exchange Limited. As the equity shares of the Company can be traded on the ON-LINE system of The Stock Exchange, Mumbai, the exit opportunity will continue to be available to those shareholders in areas covered by the above Stock Exchange where voluntary delisting is being sought.

Copies of the relevant documents are available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day upto the date of this meeting.

The Board recommends this Special Resolution for your approval.

None of the Directors of the Company is concerned or interested in the said resolution.

Mumbai, 30th August, 1999

By Order Of the Board

Registered Office :
T-94/95, M.I.D.C., Bhosari,
Pune - 411 026.

P.V.ACHARYA
COMPANY SECRETARY

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DIRECTORS' REPORT

The Members,
Sekurit Saint-Gobain India Limited

Your Directors present the Twenty Sixth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs.in Million)

	1998-99	1997-98
Sales	**290.90**	251.32
(Loss) before depreciation, amortisation and financial charges	**(8.64)**	(16.19)
Depreciation and amortisation	**18.74**	19.02
Financial charges	**40.15**	50.11
(Loss) before Tax	**(67.53)**	(85.32)
Provision for Tax	—	—
(Loss) after Tax	**(67.53)**	(85.32)
Prior year adjustments/Extraordinary items	**14.53**	(1.02)
(Loss) after prior year adjustments	**(82.06)**	(84.30)
Balance brought forward from previous year	**(154.95)**	(73.67)
Transfer from General Reserve	—	3.02
(Loss) carried to Balance Sheet	**(237.01)**	(154.95)

OPERATIONS

Despite adverse market conditions your Company's turnover increased by 15.7%. With margins continuing to be under pressure, the increase in turnover was insufficient to enable operations to break even. Consequently, your Company incurred a loss of Rs.67.53 million. Efforts to improve productivity, quality and service and to reduce rejections are begining to yield results.

NEW PROJECT

The work on the Horizontal Bending Furnace Project is in full swing and is expected to be completed by the end of September, 1999.

CHANGE OF COMPANY'S NAME

Having received all the required approvals, with effect from 29th December, 1998 the name of your Company stands changed to **SEKURIT SAINT-GOBAIN INDIA LIMITED.**

POTENTIALLY SICK INDUSTRIAL COMPANY

As you are aware your Company has been incurring losses for the past several years, including the year under review. The accumulated losses as at 31st March, 1999, at Rs.237.01 million has exceeded 50% of the peak net worth during the immediately preceding four financial years. Thus your Company continues to be a "Potentially Sick Industrial Company" as laid down in Section 23 of the Sick Indistrial Companies (Special Provisions) Act, 1985 (SICA). A separate report of the Directors on the erosion of net worth is attached.

RIGHTS ISSUE

With your approval your Company offered 1,95,22,650 Equity Shares of Rs.10/- each for cash at par to the existing shareholders of the Company in the ratio of three shares for every two shares held. The issue opened on 22nd February, 1999 and closed on 24th March, 1999. The issue was undersubscribed and Sekurit Saint-Gobain, S.A. France made good the shortfall. Consequent to the allotment of the rights shares on 10th April, 1999, the holding of Sekurit Saint-Gobain, S.A. France has increased to 75.11% of the equity capital. The proceeds of the rights issue have been deployed for the purpose stated in the offer document.

YEAR 2000 (Y2K COMPLIANCE)

Most of the equipments, processes, and systems of the Company are Y2K compliant. Action has been initiated to ensure that the remaining equipments, processes and systems will be Y2K compliant by September, 1999. The Company is developing contingency plans to minimise the risk of disruption to its operations due to Y2K non-compliance by providers of critical materials and services. The estimated cost is Rs. 1 million.

DISCLOSURE AS PER CLAUSE 43 OF LISTING AGREEMENT

For the year ended 31st March, 1999, your Company had projected a turnover of Rs.304.30 million and a loss of Rs.64.00 million in its Letter of Offer dated 22nd January,1999. The Company's actual turnover was Rs.290.90 million and the loss was Rs.67.53 million. The overall slow growth of the economy and especially of the automobile sector has resulted in this deviation from the projections.

PROPOSED SCHEME OF AMALGAMATION

Your Company is proposing to amalgamate its 100% subsidiary viz. Universal Body Builders and Engineers Private Limited subject to necessary approvals. The details of the Scheme of Amalgamation along with explanatory statement would be sent to you separately.

ENVIRONMENT, ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Your Company is committed to ensure a pollution-free environment as well as a clean and safe workplace at both plant locations.

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo as required in the prescribed format is annexed (Annexure A) and forms part of this Report.

EMPLOYEE RELATIONS

Your Directors record their appreciation for the contribution made by the employees. The Wage agreement with the Workers' Union at Bhosari expired on 31st December, 1998. The Management of your Company is in discussion with the Workers' Union to enter into a productivity-linked wage settlement.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not given as none of the employees are covered within the said limits.

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DIRECTORS

Mr. Atul Gulati resigned as the Managing Director of the Company effective from 31st March, 1999.

The Board appointed Mr. S. Arte, who was an Alternate Director to Mr. W. Lambertz as the Managing Director of the Company for a period of five years from 1st April, 1999 to 31st March, 2004. Subsequently, Mr. S. Arte was appointed as an Additional Director from 5th June, 1999. He and Mr. M. Guer, who were Alternate Directors to Mr. J. Aschenbroich and Mr. W. Lambertz respectively, resigned effective that date.

Mr. E. Nunes was appointed as an Additional Director from 4th March, 1999. It is proposed to appoint him as Wholtime Director for a period of two years from 1st September, 1999 to 31st August, 2001.

Mr. A. C. Gulati, Mr. B. R. Dougall and Mr. Atul Gulati have resigned as Directors of the Company effective from 31st July, 1999. The Board records its appreciation for the services rendered by Mr.A.C.Gulati, Mr.B.R.Dougall and Mr. Atul Gulati during their tenure as Directors.

Mr. K. Prasad was appointed as an Alternate Director to Mr. J. L. Remirez effective from 4th March, 1999.

As required under Section 257 of the Companies Act, 1956 the Company has received notices in writing from members, expressing their intention of proposing Mr. S. Arte and Mr. E. Nunes as Directors of the Company.

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. J. Aschenbroich, Mr. J. L. Remirez and Mr. W. Lambertz retire by rotation and being eligible offer themselves for re-appointment as Directors of your Company.

AUDITORS

The present Auditors M/s. S. R. Batliboi & Associates, Chartered Accountants have resigned.

A Special Notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225 (1) from a shareholder, proposing the appointment of M/s. Kalyaniwalla and Mistry, Chartered Accountants, as the Auditors of the Company in place of M/s.S.R.Batliboi & Associates, Chartered Accountants.

M/s.Kalyaniwalla & Mistry, Chartered Accountants, are eligible and offer themselves for appointment. The Directors recommend this appointment. You are requested to appoint M/s.Kalyaniwalla & Mistry, Chartered Accountants, as Auditors and to fix their remuneration.

QUALIFICATIONS IN THE AUDITORS' REPORT

Qualifications in the Auditors' Report have been adequately dealt with in the Notes forming part of the Accounts.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the strength your Company derives from its association with Compagnie de Saint-Gobain and the support from its Bankers, Dealers, Suppliers and Shareholders.

On behalf of the Board of Directors

Place : Mumbai
Date : 30th August, 1999

B. SANTHANAM — Director
S. ARTE — Managing Director

ANNEXURE `A' TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

ENERGY CONSERVATION MEASURES TAKEN :

The Company is continuously adopting energy conservation measures. However, there was a increase in the tariff rate by MSEB during the year resulting in an increase in the power cost per unit of production.

PARTICULARS WITH RESPECT TO CONSRVATION OF ENERGY AS PER FORM A:

POWER / FUEL CONSUMPTION	**31.3.99**	31.3.98
Electricity Purchase from MSEB Units (KWH)	**9307820**	8872015
TOTAL AMOUNT (Rs.)	**40278708**	36625469
RATE/UNIT (Rs.)	**4.32**	4.13
Consumption per unit of production Rs. / Per Sq.Mtr.	**84.30**	76.80

TECHNOLOGY ABSORPTION

The Company has had close interaction with Sekurit Saint-Gobain S.A.France to improve existing processes and technologies. Several Experts from the parent company have visited your Company to transfer new techniques and processes.

FUTURE PLAN OF ACTION

Development of Laminated Windscreens and Toughened Safety Glass for supplies to existing and new automobile manufacturers.

EXPENDITURE ON RESEARCH & DEVELOPMENT

		Rs.Million
i.	Capital	**Nil**
ii.	Recurring	**0.81**
iii.	Total Expenditure	**0.81**
iv.	R & D expenditure as a percentage of total turnover	**0.28 %**

FOREIGN EXCHANGE EARNING AND OUTGO

Total earnings in foreign exchange during 1998-99 was Rs.1.78 million and the total outflow was Rs.27.39 million. Details are given in Schedule – 15.

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