

Saint-Gobain Sekurit India Limited

**ANNUAL REPORT
2003**




SAINT-GOBAIN
SEKURIT

31st Annual General Meeting
on Friday, 18th June, 2004 at 11.30 A.M.

At Hotel Panchshil

TELCO Road, Chinchwad, Pune – 411 019

BOARD OF DIRECTORS

Mr. A.Y. MAHAJAN
(Chairman)

Mr. DANIEL PHILIBERT
(Managing Director)

Mr. J. ASCHENBROICH

Mr. P. BOUTIER

Mr. P. CHALLET
(Alternate to Mr. P. Boutier)

Mr. J. FERNANDEZ

Mr. J. A. J. PEREIRA
(Alternate to Mr. J. Fernandez)

Mr. W. LAMBERTZ

Mr. B. SANTHANAM

COMPANY SECRETARY

Mr. BIJENDER RITHALIYA

AUDITORS

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

BANKERS

ABN AMRO BANK NV
BNP PARIBAS

REGISTERED OFFICE & BHOSARI WORKS

T-94, M.I.D.C., BHOSARI INDUSTRIAL AREA,
PUNE- 411 026. MAHARASHTRA
TEL. : 020-27120047 FAX : 020- 27120777

CHAKAN WORKS

PLOT NO. 621, VILLAGE KURULI,
PUNE – NASHIK ROAD,
CHAKAN, PUNE – 410 501. MAHARASHTRA

REGISTRARS & TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LTD.
102, 'SRI VIDYANAND', DR. KELKAR PATH,
ERANDWANE, PUNE – 411 004.
TEL. : 020- 25458397, 020 -25458398

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NOTICE

NOTICE is hereby given that the Thirty-first Annual General Meeting of the Members of Saint-Gobain Sekurit India Limited will be held on Friday, 18th June, 2004, at Hotel Panchshil, TELCO Road, Chinchwad, Pune - 411 019, at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended 31st December, 2003.
2. To appoint a Director in place of Mr. A.Y. Mahajan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. Fernandez, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. Santhanam, 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, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting 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 provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Mr. Daniel Philibert as the Managing Director of the Company for a further period of two years commencing from 27th February, 2004 and ending on 26th February, 2006, on such terms and conditions as mentioned in the Abstract dated 27th February, 2004 issued pursuant to Section 302, which was circulated to all the members of the Company;

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to review and/or revise the terms, conditions, remuneration including minimum remuneration, perquisites, commission and other benefits being given or to be given to Mr. Daniel Philibert in line/ conformity with any amendment to the relevant provisions in the Companies Act, 1956 and / or the Rules and Regulations made thereunder and / or the 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 Companies Act, 1956 or any amendment thereto as may be agreed between the Board of Directors and Mr. Daniel Philibert."

24th March, 2004

By Order of the Board

Registered Office :

T-94, M.I.D.C.,
Bhosari Industrial Area,
Pune - 411 026.

BIJENDER RITHALIYA
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 COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 19th April, 2004 to Friday, 23rd April, 2004 (both days inclusive).
3. The relative Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956 in respect of business set out under Item No.6 above, is annexed hereto.
4. All documents referred to in the Notice and Explanatory Statement are open to inspection to the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days upto the date of the 31st Annual General Meeting.

ANNEXURE TO THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. A.Y. Mahajan	Mr. J. Fernandez	Mr. B. Santhanam
Date of birth	03.01.1953	20.05.1965	02.03.1957
Date of appointment	08.06.1995	27.04.2000	20.08.1997
Expertise in specific functional areas	Eminent Industrialist with wide business experience across variety of industries	Rich experience in Finance and Purchase functions in varied industries	Wide experience in Customer service and Marketing functions
Qualifications	Masters Degree in Economics from the University of Bombay and a Masters Degree in Business Administration from Cornell-University (USA)	Economist	Bachelors Degree in Technology from IIT, Chennai, and a Post Graduate Diploma in Management from The Indian Institute of Management, Ahmedabad
Directorship in other Companies	Grindwell Norton Ltd. Saint-Gobain Glass India Ltd. Saint-Gobain Vetrotex India Ltd. Saint-Gobain Crystals & Detectors India Pvt. Ltd. SEPR Refractories India Ltd. Lincoln Helios (India) Ltd. L.M. Van Moppes Diamond Tools India Pvt. Ltd.	Nil	Saint-Gobain Glass India Ltd
Membership in Committees of other Companies	Saint-Gobain Glass India Ltd. - Audit - Remuneration Saint-Gobain Vetrotex India Ltd. - Audit - Remuneration SEPR Refractories India Ltd. - Remuneration	Nil	Saint-Gobain Glass India Ltd. - Audit

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

The term of Mr. Daniel Philibert as Managing Director of the Company expired on 26th February, 2004.

At the Remuneration Committee meeting and the Board meeting held on 27th February, 2004, Mr. Daniel Philibert was re-appointed as the Managing Director of the Company for a period of two years commencing from 27th February, 2004 and ending on 26th February, 2006, subject to the approval of Members at the forthcoming Annual General Meeting of the Company.

The terms and conditions of the re- appointment and the remuneration payable to Mr. Daniel Philibert as set out in the Abstract dated 27th February, 2004 issued pursuant to Section 302 was circulated to all the Members of the Company, and is now submitted for the approval of Members.

Mr. Daniel Philibert is 55 years old. He is a Chemical Engineer from the "Institut de Chimie et Physique Industrielles", de Lyon and a Masters in Organic Chemistry. He joined the Saint-Gobain Group in 1974. He was General Manager of Sekurit Saint-Gobain Vehicules Industriels from July 1995 to August 2000. He has managed different activities in laminated & toughened

glass in varied responsibilities like R & D Project, technical and production spread out in different markets like automotive, architecture, cooking appliances and transportation. In his previous assignment he worked as Technical Manager of Saint-Gobain Sekurit S.A., France in charge of Engineering and Environment.

The Board strongly recommends the resolution for your approval.

Mr. Daniel Philibert is concerned or interested in this Resolution.

The draft agreement between the Company and Mr. Daniel Philibert is open for inspection by the Members, at the Registered Office of the Company, between 11.00 a.m. and 1.00 p.m. on all working days upto the date of this Annual General Meeting.

The information required to be given to the members of the Company as per provisions of Schedule XIII (Part II, Section II) of the Companies Act, 1956 is annexed separately.

24th March, 2004

By Order of the Board

Registered Office :

T-94, M.I.D.C.,
Bhosari Industrial Area,
Pune - 411 026.

BIJENDER RITHALIYA
Secretary

REQUEST TO THE SHAREHOLDERS

1. Copies of the Annual Report will not be distributed at the Annual General Meeting. You are therefore, requested to bring this copy of the Annual Report to the Meeting.
2. 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 ten days before the date of the meeting, so

that the information, to the extent practicable, can be made available at the meeting.

3. Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of the Folios along with relevant share certificates to the Company.
4. Members are requested to immediately intimate the change, if any, in their registered address to the Company.

The information required to be given to the Members of the Company as per the provisions of Schedule XIII (Part II, Section II) of the Companies Act, 1956

I. General Information

1.	Nature of Industry	Automobile Glass Manufacturer
2.	Date of Commencement of Commercial Production	13th day of November, 1973
3.	Financial performance on given indicators	For Year Ended 31st December, 2003 Sales – Rs. 66,97,28,433/- Net Profit After Tax – Rs. 4,85,00,119/-
4.	Export Performance and Net Foreign Exchange Collaborations	No Exports, Net Importer
5.	Foreign Investment of Collaborators and total investment of Promoters	61.26% of Capital held by Saint-Gobain Sekurit S.A., France (Promoters), 24.51% of Capital held by Saint-Gobain Glass India Limited (Promoters)

II. Information about the Appointee

1.	Background Details	Mr. Daniel Philibert aged 55 years , is a Chemical Engineer from the "Institut de Chemie et Physique Industrielles", de Lyon and a Masters in Organic Chemistry. He joined Saint-Gobain Group in 1974. He was General Manager of Sekurit Saint-Gobain Vehicules Industriels from July 1995 to August 2000. He has managed different activities in laminated & toughened glass in varied responsibilities like R & D Project, technical and production spread out in different markets like automotive, architecture, cooking appliances and transportation. In his previous assignment he worked as Technical Manager of Saint-Gobain Sekurit S. A., France in charge of Engineering and Environment.
2.	Past Remuneration	Rs. 1,70,000/- per month
3.	Recognition or Awards	N.A.
4.	Job Profile & his Suitability	Mr. Philibert has 30 years of experience in automobile glass manufacture. He has served in various capacities in different Saint-Gobain Companies. His leadership is essential for your Company's speedy turnaround and future growth.
5.	Remuneration proposed	Rs. 2,50,000/- per month
6.	Comparative Remuneration profile with respect to Industry, size of the Company, Profile of the position and person	N.A.
7.	Pecuniary relationship directly or indirectly with the Company , or relationship with the managerial personnel, if any	None

III. Other Information

1.	Reasons for Loss or inadequate profits	Sluggish demand in the past, increase in the cost of raw material and consumables coupled with pressure on prices , low yields and high cost strategic imports to meet customer needs had resulted in your Company incurring losses.
2.	Steps taken or Proposed	The Company continues to make suitable investments to improve the yields. With the help of Saint-Gobain's expertise, the Company has also improved its capability to produce complex glasses and increased its product offerings. This should enable the Company to reduce cost and improve sales. Marketing efforts will continue to be focussed to increase the sale of laminated products particularly in the replacement market.
3.	Expected increase in productivity and profits in measurable terms	In the year 2004, due to good market conditions and better operational efficiency , your Company is expected to generate operating profits.

SEKURIT**DIRECTORS' REPORT**

The Members,
Saint-Gobain Sekurit India Limited

Your Directors present the Thirty-first Annual Report of your Company alongwith the Audited Accounts for the year ended 31st December, 2003.

Financial Highlights

	(Rs. '000)	
	2003	2002
Sales	66,97,28	51,14,78
Operating Profit / (Loss)	4,15,77	(9,27,65)
Financial Charges	1,00,68	2,79,76
Profit/(Loss) before Tax	3,15,09	(12,07,41)
Increase in Deferred Tax Asset	1,69,91	1,88,56
Income Tax of earlier years	—	(15,13)
Profit/(Loss) after Tax	4,85,00	(10,33,98)
Balance brought forward from Previous Year	(55,97,04)	(49,66,26)
Adjustment for Deferred Tax Assets of earlier years	—	4,03,20
(Loss) carried to Balance Sheet	(51,12,04)	(55,97,04)

Responsibility Statement

Your Directors confirm that :

- in the preparation of annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2003 and of the profit of the Company for that year;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Operations

The year under review, as compared to 2002, was exceptionally good for your Company. There was an increase in the sales by 31% and a reduction in operating loss by 91% (excluding the benefit on prepayment of Deferred Sales Tax Loan – Refer Note on Finance). While the increase in sales was predominantly due to improved market demand, your Company also gained market share particularly in passenger car segment. The Company has made certain investments for improvement of yields. In spite of this, due to enhanced

quality requirements of customers, there was no significant gain in the operational efficiencies in the year. However, your Company was able to increase its product offerings and also its capability to produce complex glasses.

Outlook for the Future

The Automobile market for the past year and half has shown high growth. With the thrust by the Government on infrastructure development, it is envisaged that this growth would be sustained in the following years and hence would generate a good demand. Your Company has drawn up plans to make suitable investments towards balancing equipments in order to fully utilise the existing capacities and to cater to the market. Under this scenario, your Company hopes to generate good operating results.

Finance

During the year under review, your Company has received a sum of Rs. 22,32,54,100/- as Advance against Equity which was utilised to repay short term loan with ABN Amro Bank. This reduced the interest cost significantly. Also, taking advantage of the scheme announced by the Govt. of Maharashtra to pre-pay Deferred Sales Tax Loan with a substantial remission, by paying Rs. 2,40,71,424/-, your Company extinguished the Deferred Sales Tax Loan of Rs. 7,39,81,203/- and availed of one-time gain of Rs. 4,99,09,779/-.

Rights Issue

As per the approval granted by the Shareholders in the Extra-Ordinary General Meeting held on 4th February, 2003, your Company allotted 2,60,30,200 Right Shares of Rs 10/- (Rs. Ten only) each for cash at par aggregating to Rs. 26,03,02,000/- on 2nd March, 2004, on rights basis to the existing shareholders in the ratio of two Equity shares for every five Equity shares held. The Company received overwhelming response to the Rights Issue and it was oversubscribed to the extent of 109 % of the issue size.

Corporate Governance

- Report on Corporate Governance as required under Clause 49 of the Listing Agreement entered into with Stock Exchange is annexed hereto (Annexure A)
- Certificate dated 24th March, 2004 of the Auditors of your Company, regarding the compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, is enclosed (Annexure B)
- Management Discussion and Analysis Report is annexed (Annexure C).

Potentially Sick Industrial Company

Your Company continues to be a "Potentially Sick Industrial Company" as laid down in Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings & Outgo

Your Company is committed to ensure a green and pollution free environment as well as clean and safe workplace at all plant locations and work sites.

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 D) and forms part of this Report.

Employee Relations

Your Directors place on record their appreciation for the contribution made by the employees at all levels. A new Wage Agreement with the Workers Union at Bhosari plant was signed during the year. The Wage Agreement at Chakan plant has expired on 30th June, 2003. The negotiation with Workers Union has commenced. As at the year end 2003, there were 352 employees.

Listing

Pursuant to the resolution passed by you at the 30th Annual General Meeting held on 27th June, 2003, your Company had made applications to Pune Stock Exchange Ltd. (PSE) and The Delhi Stock Exchange Association Ltd. (DSE) for voluntary de-listing of the Company's shares from PSE and DSE under the SEBI (De-listing of Securities) Guidelines 2003. Your Company's shares have been de-listed from PSE and DSE with effect from 16th January, 2004 and 8th March, 2004 respectively. Your Company's shares continue to be listed on The Stock Exchange, Mumbai (BSE). BSE has a nationwide network of trading terminals.

Particulars of Employees

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed (Annexure E) and forms part of this report.

Directors

Mr. Daniel Philibert was re-appointed as the Managing Director of the Company for a period of two years commencing from 27th February, 2004 and ending on 26th February, 2006 on terms and conditions as mentioned in the Abstract dated 27th February, 2004 issued pursuant to Section 302 and circulated to all the Members of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr. A.Y. Mahajan, Mr. J. Fernandez and Mr. B. Santhanam retire by rotation and being eligible offer themselves for re-appointment as Directors of your Company.

Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Auditors of your Company, retire on the conclusion of 31st Annual General Meeting. You are requested to

appoint Auditors for the current financial year and to fix their remuneration. The retiring Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants are eligible for re-appointment.

Acknowledgements

Your Directors wish to place on record their sincere appreciation for the support of customers, dealers, bankers, shareholders and employees.

On behalf of the Board of Directors,

A.Y. MAHAJAN

Chairman

DANIEL PHILIBERT

Managing Director

Date : 24th March, 2004

Place : Mumbai

**ANNEXURE A TO THE DIRECTORS' REPORT,
FOR THE YEAR ENDED 31st DECEMBER, 2003.****Report on Corporate Governance**

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchange)

A. MANDATORY REQUIREMENTS**1. CORPORATE GOVERNANCE AT SAINT-GOBAIN SEKURIT INDIA LTD. (SGSIL)**

SGSIL, a member of the 'Saint-Gobain,' group, is committed to the highest standards of Corporate Governance, and strives to monitor and ensure compliance with Laws and Regulations. SGSIL's philosophy on the code of Corporate Governance has always been, to ensure that adequate control systems are devised and implemented and are put in place to enable optimum returns to the stakeholders. SGSIL has always held itself to high standards of accountability, auditing, disclosure and reporting. These standards continue to define your Company's Corporate Governance philosophy of transparency and accountability, built on strong systems and procedures. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS

The present strength of the Board is nine Directors including two Alternate Directors. The Board comprises of one Executive Director and eight Non-Executive Directors. The Non-Executive Directors bring independent judgement to the Board's deliberations and decisions.

During the year 2003, seven Board meetings were held. The dates on which the said meetings were held are as follows :

6th January	17th February	30th April	28th July
31st October	15th December	22nd December	

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Details of attendance of each Director at the Board Meetings, the last AGM, directorships and committee memberships held by them in other Indian Companies are as follows :

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Indian Companies in which Director	No. of Committees (other than SGSIL) in which a Member
Mr. A. Y. Mahajan	Chairman-Non Executive	7	Yes	7	5*
Mr. J. Aschenbroich	Non-Executive Director	Nil	No	1	Nil
Mr. P. Boutier	Non-Executive Director	Nil	No	Nil	Nil
Mr. P. Challet	Non-Executive Director	Nil	No	Nil	Nil
Mr. D. Chindarkar (a)	Non-Executive Director	Nil	No	Nil	Nil
Mr. J. Fernandez	Non-Executive Director	Nil	No	Nil	Nil
Mr. W. Lambertz	Non-Executive Director	Nil	No	Nil	Nil
Mr. B. Santhanam	Non-Executive Director	Nil	No	1	1
Mr. D. Philibert	Managing Director	7	No	Nil	Nil
Mr. J. A. J. Pereira (b)	Non-Executive Director	7	Yes	3	2

(a) Resigned with effect from 2nd January, 2003.

(b) Appointed as an Alternate Director to Mr. J. Fernandez with effect from 2nd January, 2003.

* Out of 5 Committee memberships, Mr. A.Y. Mahajan is Chairman in 4 Committees.

3. AUDIT COMMITTEE

The Companies Act, 1956 and the Listing Agreement with the Stock Exchange provide for constitution of Audit Committees. The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under the Listing Agreement as well as under the provisions of the Companies Act, 1956. The Audit Committee comprises of Mr. J. A. J. Pereira, Chairman of the Committee, Mr. A. Y. Mahajan and Mr. P. Challet, all being Non- Executive Directors. Mr. D. Chindarkar ceased to be a member of the committee with effect from 2nd January, 2003 and Mr. J. A. J. Pereira was appointed in his place. The Head - Finance and the Statutory Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary of the Committee.

Audit Committee held five meetings during the year 2003. The attendance of each Member of the Committee is given below :

Name of Director	No. of Meetings attended
Mr. J.A.J Pereira (a)	5
Mr. A. Y. Mahajan	5
Mr. P. Challet	Nil
Mr. Deepak Chindarkar (b)	Nil

(a) Appointed with effect from 2nd January, 2003

(b) Resigned with effect from 2nd January, 2003

The terms of reference of the Audit Committee are in consonance with Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956, and are as under :

- Oversee financial reporting process and disclosure of financial information to ensure its correctness, sufficiency and credibility.
- Recommending the appointment and removal of Statutory Auditor, fixation of audit fee and approval for payment for any other services.
- Reviewing with the management quarterly, half-yearly and annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications, if any, in draft audit report.
 - Significant adjustments, if any, arising out of audit.
 - The going concern assumption
 - Compliance with Accounting Standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related material transactions of the company with the promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Recommending the quarterly, half-yearly and annual financial statements.
- Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function including the structure of the internal audit

department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

7. Discussion with internal auditors, any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Reviewing the company's financial and risk management policies.
11. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Minutes of the Audit Committee meetings are circulated to the members of the Board, discussed and taken note of.

4. REMUNERATION COMMITTEE

The Board of Directors of the Company had constituted a Remuneration Committee under the Chairmanship of Mr. J.A.J. Pereira, a Non-Executive Director. The other members of Committee are Mr. A.Y. Mahajan and Mr. B. Santhanam, both Non-Executive Directors. The terms of reference of Remuneration Committee is to recommend/review the remuneration package of the Executive Directors, based on the performance and defined criteria. The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. Since there was no proposal for recommendation/review of the remuneration of the Executive Directors, the Committee did not meet any time during the year under review.

Remuneration of Directors

- A. The details of remuneration of Mr. Daniel Philibert, Managing Director for the year 2003 are given below :

All elements of remuneration package i.e. salary, benefits, bonus, perquisites, profit commission, pension etc.	Rs. 24,68,400/-
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Fixed component and performance linked incentives along with the performance criteria	Fixed component is paid as Salary, House Rent Allowance and other perquisites. The entire remuneration is paid as fixed component.
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Service contracts, notice period, severance fees

The tenure of office of the Managing Director is 2 years commencing from 27/02/2004 and ending on 26/02/2006. The Managing Director is entitled to terminate the agreement by giving not less than six months notice in writing to the Company. Similarly the Company can terminate the agreement and provide for compensation for loss of office as per the provisions of the Companies Act, 1956.

Stock option with details, if any and whether issued at discount as well as the period over which accrued and over which exercisable

Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or any other employees.

- B. The details of remuneration paid to Non-Executive Directors during the year 2003- Rs. Nil

5. INVESTORS'/SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company's Investors' / Shareholders' Grievance Committee had been formed under the Chairmanship of Mr. A.Y. Mahajan, a Non-Executive Director. The other Member of the Committee, Mr. Deepak Chindarkar, ceased to be a member with effect from 2nd January, 2003 and Mr. J.A.J. Pereira who is also a Non-Executive Director was appointed in his place. The Company Secretary is the Compliance Officer of the Company. The Company has received few complaints from the shareholders and all of them have been resolved by furnishing the requisite information/ documents. The Company had two transfers pending at the close of the financial year 2003, which were processed subsequently.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on 2nd June, 2001 at 12.00 noon, 24th June, 2002 at 11.30 a. m. and 27th June, 2003 at 11.30 a.m. at Hotel Panchshil, TELCO Road, Chinchwad, Pune - 411 019. All the resolutions set out in the respective notices were passed by the Shareholders. No resolutions requiring postal ballot as recommended by Clause 49 of the Listing Agreement, were placed for Shareholders approval at the Meetings. An Extra-Ordinary General Meeting of the Shareholders was held on 4th February, 2003 to approve the Rights Issue and increase in the Authorised Capital of the Company.

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7. DISCLOSURES

a) Related party transactions

Besides the transactions reported in Note 15 of Schedule 15, there are no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities related to above.

8. MEANS OF COMMUNICATION

Half Yearly Report

Whether Half-yearly report sent to each household of Shareholders – No.

The results of the Company are published in the Newspapers and displayed on EDIFAR site of SEBI.

Quarterly results

In which newspapers the financial results are normally published

- (i) Kesari/Loksatta – Pune Edition
- (ii) Free Press Journal/Maharashtra Herald – Pune Edition

Website

Any web site where financial results are displayed
http://www.sebiedifar.nic.in

Whether it also displays the official news releases; and the presentations made to Institutional Investors and Analysts

No.

Whether MD&A is a part of annual report or not

Yes.

9. GENERAL SHAREHOLDERS' INFORMATION

AGM : 31st Annual General Meeting

Date : Friday, 18th June, 2004

Time : 11.30 a.m.

Venue : Hotel Panchshil

TELECO Road

Chinchwad

Pune – 411 019

Financial Calendar for 2004 **Date(s)**

(i) First Quarter Results – April, 2004

(ii) Half-Yearly Results – July, 2004

(iii) Third Quarter Results – October, 2004

(iv) Results for the year ending– March, 2005
31st December, 2004

Date of Book Closure

Monday, 19th April, 2004 to Friday, 23rd April, 2004

Date of Payment of Dividend

Not Applicable

Listing on Stock Exchange

The Stock Exchange, Mumbai.

The Annual listing fees of The Stock Exchange, Mumbai have been paid upto date.

BSE-Stock Code

Physical - 515043

ISIN No for NSDL & CDSL

INE068B01017

Market Price Data: High, Low during each month in the last financial year

Please see Annexure '1'

Performance in comparison to BSE Sensex, (broad based index)

Please see Annexure '1'

Registrars and Transfer Agents

Intime Spectrum Registry Limited (ISRL)

102, "Sri Vidyanand",

Dr. Kelkar Path, Eradwane,

Pune – 411 004

Tel : 020 - 25458397, 020 - 25458398

Share Transfer System

All transfers are processed by ISRL and approved by the Share Transfer Committee of Directors which normally meets thrice in a month.

Distribution of Shareholding and Shareholding Pattern as on 31st December, 2003

Please see Annexure '2'

Dematerialisation of Shares and liquidity

10.77% of the Paid-up capital has been dematerialised as on 31st December, 2003. However 85.77% of the paid-up capital held by the Promoters has not been dematerialised.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Not issued

Plant Locations

1) Bhosari, Pune, Maharashtra

2) Chakan, Pune, Maharashtra

Promoters

I a) Foreign Promoter

Saint-Gobain Sekurit S.A., France

b) Indian Promoter

Saint-Gobain Glass India Ltd.

II Other Saint-Gobain Group Companies

a) Grindwell Norton Ltd.

b) Saint-Gobain Crystals & Detectors India Pvt. Ltd.

c) Saint-Gobain Norpo India Pvt. Ltd.

d) Saint-Gobain Vetrotex India Ltd.

e) SEPR Refractories India Ltd.